



Daily Report

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Daily Report

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CONTENTS

24 January 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

PRC Envoy Addresses Forum For Nuclear States [XINHUA]	1
Article Views President Clinton's European Trip [RENMIN RIBAO OVERSEAS EDITION 21 Jan]	1
DPRK Expects Improvement in U.S. Talks [XINHUA]	2
DPRK 'Contacted' Australia on Restoring Ties [XINHUA]	2

United States & Canada

Reports on U.S. Treasury Secretary Bentsen's Visit	2
Meets Shanghai Mayor [Shanghai Radio]	2
Concludes Trip 22 Jan [XINHUA]	3
Editorial on Bentsen Visit, GATT Return Bid [Hong Kong WEN WEI PO 22 Jan]	3
'New Stage' Seen in Sino-U.S. Trade Ties [XINHUA]	4
Column Views Sino-U.S. Relations [Hong Kong HSIN PAO 14 Jan]	5
U.S. Capital Market Symposiums Held	6
In Beijing 17 Jan [XINHUA]	6
In Shanghai 19 Jan [XINHUA]	7
U.S. Investor Signs Memorandum With Beijing Mayor [XINHUA]	7
Li Lanqing Meets U.S. Businessmen [XINHUA]	8
U.S. Medicine Manufacturer To Enter Market via Hong Kong [XINHUA]	8
Article Views Changes in U.S. Intelligence Work [LIAOWANG 10 Jan]	8

Central Eurasia

Russia's Foreign Minister To Visit 26-29 Jan	10
To Discuss 'Bilateral Relations' [XINHUA]	10
Russian Official on Upcoming Visit [XINHUA]	10
Prime Minister Says Russia To Fight Inflation [XINHUA]	10
Unemployment Predicted for Russia in 1994 [XINHUA]	11
Belarus Official on Economic Reforms [XINHUA]	11

Southeast Asia & Pacific

Continued Reports on Cambodian Delegation's Visit	12
Visits Hainan [Haikou Radio]	12
Trip Yields 'Fine Results' [Beijing International]	12

Sub-Saharan Africa

Qian Qichen Continues Official Visit to Africa	13
Meets Premier of Madagascar [Beijing TV]	13
Received by Madagascar President [XINHUA]	13
Meets Mauritian Foreign Minister [XINHUA]	14
Interviewed on African Situation, Policy [XINHUA]	14
Malawi Politician Completes 'Goodwill Visit' 24 Jan [XINHUA]	15

West Europe

Continued Reportage on Qiao Shi's German Trip	15
Meets Federal Assembly President [RENMIN RIBAO 20 Jan]	15
Further on Meeting With Kohl [XINHUA]	16
Visits Benz Plant in Stuttgart [XINHUA]	17
Discusses Reform With Bavarian Official [XINHUA]	18
Meets Bavarian Governor 21 Jan [XINHUA]	18
Continues Munich Visit 22 Jan [XINHUA]	19
Ends Visit to Germany 23 Jan [XINHUA]	19
XINHUA Views Qiao Shi's Germany Visit	19
Trip 'Successful'	19
'Fruitful Results' Noted	19

East Europe

Romanian Government Delegation on Official Visit	20
Reform Discussed With Rong Yiren [ZHONGGUO XINWEN SHE]	20
Group Meets Li Tieying [XINHUA]	20
Romanian Minister on Visit Results [XINHUA]	21
Hungarian Spokesman Urges Promotion of Ties [Budapest Radio]	21

NATIONAL AFFAIRS

Political & Social

Plans To Release 'Prominent Dissidents' 'Confirmed' [Hong Kong SOUTH CHINA SUNDAY MORNING POST 23 Jan]	22
Dissident May Be Repatriated From Taiwan [AFP]	22
Authorities Reportedly 'Tighten' Grip on Cinema [AFP]	23
Jiang Zemin To Address National Propaganda Meeting [Hong Kong WEN WEI PO 24 Jan]	23
Deng Calls For Maintaining 'Spiritual Purity' [Hong Kong SOUTH CHINA MORNING POST 22 Jan]	24
Hu Jintao Speaks at Party Member Education Meeting [XINHUA]	24
Li Ruihuan Discusses Integrating Theory With Practice [XINHUA]	26
Yang Shangkun Praises Shenzhen's Achievements [NANFANG RIBAO 23 Jan]	26
Urges 'Active, Prudent' Reform [Hong Kong TA KUNG PAO 24 Jan]	27
Li Lanqing Visits Beijing Development Zone [XINHUA]	28
Zou Jiahua Addresses Symposium on Bohai Area [XINHUA]	28
Zou Jiahua in Hebei; Stresses Technical Upgrading [XINHUA]	29
Li Peng Greets Unveiling of Deng Yingchao Bust [XINHUA]	29
Peng Zhen Elected Yanan Society Honorary President [XINHUA]	29
Daily Praises Jiangxi Anticorruption Effort [RENMIN RIBAO 18 Jan]	29
Discipline Organ Issues Circular on Hebei Official [XINHUA]	30
Procurator General on Bribery, Corruption [ZHONGGUO TONGXUN SHE]	31
Role of Public Tips in Corruption Convictions Noted [CHINA DAILY 20 Jan]	31
Rising Expenses, Strike Potential Affecting Reform [Hong Kong MING PAO 23 Jan]	32

Economic & Agricultural

Employment Up Slightly, Inflation Sharply in November [CHINA DAILY (BUSINESS WEEKLY) 23-29 Jan]	33
Urban Cost-of-Living Indexes Rise in December [Hong Kong SOUTH CHINA MORNING POST 21 Jan]	33
Rising Commodity Sales, Prices Reported in Dec [ZHONGGUO XINWEN SHE]	33
Credit Tightened in Effort To Limit Price Increases [CHINA DAILY 21 Jan]	34
State Information Center Predicts Consumption Patterns [ZHONGGUO XINWEN SHE]	35
State Official Discusses Economic System Reform [ZHONGGUO XINWEN SHE]	35
Further on Remarks [ZHONGGUO XINWEN SHE]	35
Results of Intangible Assets Appraisal Announced [XINHUA]	36
State Auditor Addresses National Conference [CHINA DAILY 20 Jan]	36

Further Reforms To Benefit Private Firms* [CHINA DAILY 20 Jan]	37
World Bank Pledges To Continue Lending Policy [CHINA DAILY 21 Jan]	38
International Cooperation Sought for 3 Gorges Project [XINHUA]	38
Gold Industry Welcomes Overseas Investors [XINHUA]	38
Machinery Industry To Grow 14 Percent Annually [CHINA DAILY 20 Jan]	39
Column Views Progress in Steel Production [RENMIN RIBAO 21 Jan]	40
Coal Minister Views Reform, Market Economy [RENMIN RIBAO 3 Jan]	40
On Theoretical Basis for Socialist Market Economy [JINGJI YANJIU 20 Dec]	44
LIAOWANG Commentary on 1993 Economic Reform [20 Dec]	47
XINHUA 'Letterbox' Explains Property Rights	55
Personnel Reform Said To Put People First [CHINA DAILY 21 Jan]	56
Daily Interviews Vice Labor Minister [RENMIN RIBAO 17 Jan]	57
SHICHANG BAO Comment on Migrant Labor Carried [RENMIN RIBAO 7 Jan]	58
First Employment 'Hot Line' Service Reported [CHINA DAILY (BUSINESS WEEKLY) 16-22 Jan]	59
More Locally-Funded Civil Airports Built [XINHUA]	60
Work on Longest Strait Bridge Begins in Guangdong [XINHUA]	60
New Laws To Protect Mineral Resources 'Essential' [CHINA DAILY 20 Jan]	60
National Conference on Agricultural Work Reported	61
Minister Discusses Rural Reform [XINHUA]	61
Chen Junsheng Addresses Closing [XINHUA]	62

REGIONAL AFFAIRS

East Region

Anhui Secretary Notes Reform of Planning System [ANHUI RIBAO 29 Dec]	64
Anhui Sees Increase in Taiwan Investment [XINHUA]	64
Fujian Governor Calls For Social Stability [ZHONGGUO XINWEN SHE]	65
Jiangsu Improves Urban Infrastructure Facilities [XINHUA]	65
Jiangxi Economic Work Meeting on Tasks for 1994 [Kunming Radio]	65
Shandong's Intermediate Court Presidents Meet [Jinan Radio]	66
Shanghai Blueprints Program for Reform [XINHUA]	67
Shanghai Continues Progress Toward Market Economy [XINHUA]	67
Shanghai on Developing Modern Enterprises [XINHUA]	67
Shanghai To Boost Bioengineering [XINHUA]	68
Shanghai Orient TV Station To Air Financial News [XINHUA]	68
Shanghai To Host International Exhibitions in 1994 [XINHUA]	68

Central-South Region

Guangdong Secretary Inspects Rural Areas [Guangzhou Radio]	68
Guangdong Secretary on Promotion of Fine Arts [XINHUA]	69
Guangdong Denies Price Rises Caused by Tax Reform [Guangzhou Radio]	69
Guangdong Simplifies Customs Formalities [XINHUA]	69
Guangxi To Launch Wage, Civil Service Reforms [Nanning Radio]	70
Henan Governor Addresses Economic Work Meeting [Zhengzhou Radio]	70
Hubei Puts Labor Exodus Under Control [XINHUA]	71
Hubei 1993 Steel Output Ranks Third in Country [Wuhan Radio]	71
Hubei To Open Club for Private Businessmen [XINHUA]	72
Hunan Registers 36.4 Percent Increase in Revenues [Changsha Radio]	72

Northwest Region

Gansu Secretary Urges Development of Rural Economy [Lanzhou Radio]	72
Gansu Acting Governor on 1994 Economic Work	73
Part 1 [Lanzhou Radio]	73
Part 2 [Lanzhou Radio]	73
Gansu Leads Northwest in Science Application [XINHUA]	74
Gansu Becomes Major Steel Producer in Northwest [XINHUA]	74
Qinghai Governor Views Economic Work in 1994 [Xining Radio]	74

Qinghai Improves Living Standards [ZHONGGUO XINWEN SHE]	75
Qinghai Records Best Economic Performance [XINHUA]	75
Qinghai Bank Extends Loans To Combat Drought [Xining Radio]	76
Qinghai's Qaidam Basin Increases Salt Production [XINHUA]	76
Shaanxi Vice Governor Views Economic Work [Xian Radio]	76
Shaanxi Stresses Agricultural Development [XINHUA]	77
Shaanxi Now Second Largest Apple Producer [XINHUA]	77

TAIWAN

Discussions With U.S. on Tariffs Reported	78
Minister on Cutting Import Duties [CHINA POST 18 Jan]	78
First Day Talks End Without Accord [Taipei Radio]	78
Negotiator: Talks End 'Successfully' [CNA]	79
Official on GATT, Future Trade With Mainland [Taipei Radio]	79
Article Calls CPC Taiwan Policy 'Inconsistent' [Hong Kong HSIN PAO 12 Jan]	79

HONG KONG & MACAO

Hong Kong

Reportage on Governor Patten's Visit to UK	82
Backed by Shadow Foreign Secretary [Hong Kong SOUTH CHINA MORNING POST 19 Jan]	82
On Not Mixing Politics, Economics [Hong Kong THE STANDARD 19 Jan]	83
Addresses Foreign Affairs Committee [Hong Kong SOUTH CHINA MORNING POST 21 Jan]	83
Editorial Views Visit [Hong Kong WEN WEI PO 21 Jan]	84
Editorial Defends Percy Cradock's Position [Hong Kong TA KUNG PAO 22 Jan]	85
Lu Ping on Tabling 2d Part of Reform Bill [Hong Kong TA KUNG PAO 21 Jan]	87
Zhang Junsheng: Patten Put 'Pressure' on Media [Hong Kong WEN WEI PO 21 Jan]	87
Continuing Reportage on Hong Kong Airport Project	87
Warning on 'Grave Consequences' [Hong Kong TA KUNG PAO 20 Jan]	87
Zhang Junsheng Urges Compliance With Accord [Hong Kong TA KUNG PAO 20 Jan]	88
Zhang: 'Little Hope' of Resuming Talks [Hong Kong HONGKONG STANDARD 20 Jan]	88
Article on Financing Arrangements [ZHONGGUO TONGXUN SHE]	89
Legislators Pledge To Vote for Funding [Hong Kong SOUTH CHINA MORNING POST 21 Jan]	89
More Mainland-Funded Firms Seen on Stock Market [RENMIN RIBAO OVERSEAS EDITION 18 Jan]	90
Correspondents' Club Asked Not To Show Mao Video [AFP]	90

General

PRC Envoy Addresses Forum For Nuclear States

OW2201142594 Beijing XINHUA Domestic Service in Chinese 1126 GMT 22 Jan 94

[By reporter Gao Jian (7559 1017)]

[Text] United Nations, 21 Jan (XINHUA)—A Chinese representative said here today that only by making a definite commitment to the complete prohibition and thorough destruction of nuclear weapons and by adopting appropriate and resolute steps to that end will the measures of nuclear states to prevent the proliferation of nuclear weapons have a genuine significance.

The second session of the preparatory committee for the 1995 conference of parties to the Treaty on Nonproliferation of Nuclear Weapons was convened this week at the United Nations Headquarters in New York. Sha Zukang, head of the Chinese delegation to the session expounded China's views on how to effectively prevent the proliferation of nuclear weapons.

Sha Zukang said China recognizes the importance of the prevention of the proliferation of nuclear weapons as well as the maintenance of an effective international legal mechanism for that purpose. At the same time, China also believes that nonproliferation by itself is not the ultimate goal that the mankind should pursue, and that the real objective should be complete prohibition, thorough destruction of nuclear weapons, and realization of a nuclear-free world.

Sha Zukang believes that only by making a definite commitment and by adopting appropriate and resolute steps to that end will the measures of nuclear states to prevent the proliferation of nuclear weapons have a genuine significance. He said failure to do that will perpetuate the defect of the existing imbalance in the treaty in the rights and obligations between the nuclear and nonnuclear states. To realize quickly the objective of the total prohibition and thorough destruction of nuclear weapons, a large number of nonnuclear countries have given up the option of acquiring and developing nuclear weapons; however, their demand for security guarantees has not been fundamentally satisfied.

Sha Zukang said the Chinese Government believes that conditions are ripe for all nuclear states to make the commitment of not being the first to use nuclear weapons and not to use or threaten to use nuclear weapons against nonnuclear states and nuclear free zones.

Sha Zukang criticized some big nuclear powers for a lack of sincerity for peace in this respect. He said if nuclear states, particularly the big nuclear powers with global nuclear attack capability, are unable to take even the limited step of guaranteeing that they will not be the first to use nuclear weapons and not to use or threaten to use nuclear weapons against nonnuclear states and nuclear

free zones, how can they expect the large number of nonnuclear states to trust their sincerity for peace.

He pointed out that it will be difficult to ensure universality and enduring effectiveness for the international nuclear nonproliferation mechanism if nuclear states only make one-sided emphasis on the nonproliferation of nuclear weapons and if they only emphasize their own absolute security to the neglect of the nonnuclear states' legitimate security concerns.

Article Views President Clinton's European Trip

HK2201030894 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Jan 94 p 6

["International Jottings" by Wang Shujuan (3769 3219 1227): "A Few Remarks on the Fruit of Clinton's Trip to Europe"]

[Text] After concluding his nine-day visit to Europe, U.S. President Clinton returned to Washington travel weary on 17 January. Clinton had had quite a fruitful trip, yet naturally it was not without unaccomplished tasks.

The further establishment of the loose relations between the United States and its West European allies was the U.S. President's first achievement. Since the cold war ended, with the disbandment of the Warsaw Pact, the disintegration of the Soviet Union, and the changes in the balance of strength on the European continent, West European nations' wish to run their own business independently has been rising with each passing day. At the NATO summit in Brussels on 10-11 January, the United States "delegated power" and the summit approved that the West European Union may, when necessary, use NATO's armaments to execute actions without participation of the United States. This decision suits the reality of West Europe today, so all the member nations were very happy about it. To the United States, this decision stabilizes relations across the Atlantic Ocean and also safeguards U.S. interests.

The second achievement was the signing with Russia and Ukraine a treaty on the destruction of all nuclear weapons in Ukrainian territory. According to the treaty, Ukraine is to destroy 176 intercontinental ballistic missiles and 1,500 nuclear heads deployed in its territory. Clinton felt relieved. One should know that this was a thorn in the side of the United States that it had always wanted to remove. Now they have done it, at last.

The third achievement was the meeting with Syrian President al-Asad in Geneva, Switzerland, in which he urged Syria to reach an agreement with Israel on the Golan Heights. This gesture was meant to show the world that the United States has played a role in the peace process in the Middle East. Clinton scored on diplomacy.

Of all the unaccomplished tasks, the most conspicuous one was how the "peaceful partnership" plan could be

implemented. This plan was put forward by the United States and approved at the NATO summit. It was designed to slow down the pace of four Central European nations, namely, Poland, Hungary, Czech, and Slovakia, joining NATO and not to cause Russia to feel insecure about the NATO's eastward expansion. The four Central European nations thought the United States was not friendly enough and was quite unhappy about it, though there was hardly anything they could do. But ironically, there have been criticisms on this plan from among NATO member states. German Chancellor Kohl hinted that the future European Union may consider accepting Central European countries first. French President Mitterrand put it point-blank by emphasizing that the "peaceful partnership" plan had not been put forward by France and France mentioned the concept of a "Federation of European States," which is to include Central and East Europe nations. That this plan has already caused such controversy since it was set forth just a few days ago seems to indicate that greater fun is yet to come!

DPRK Expects Improvement in U.S. Talks

*OW1601054294 Beijing XINHUA in English 0504
GMT 16 Jan 94*

[Text] Pyongyang, January 16 (XINHUA)—The Democratic People's Republic of Korea (DPRK) expected to see improvement in the third round of U.S.-DPRK talks.

The official newspaper "NODONG SINMUN" said in a commentary that the United States and DPRK should hold their talks on the basis of mutual understanding and cooperation.

It added that threats and pressure would only lead to a worse situation.

The commentary stressed that only dialogue and negotiation could solve the nuclear issue on the Korean peninsula in a just way.

It also appealed to South Korea not to hamper the U.S.-DPRK talks which "would seek interests for all Koreans."

After two rounds of high-level talks and several contacts since last year, the two countries have reached agreements on some issues. On December 30, 1993, the United States declared that it would stop the annual "Team Spirit" joint military exercises with South Korea while DPRK agreed to accept necessary international inspections of its suspected nuclear facilities to guarantee their security.

Meanwhile, the two sides agreed to hold a third round of talks on a package of plans to solve the nuclear issue on the Korean peninsula.

DPRK 'Contacted' Australia on Restoring Ties

*OW2001013294 Beijing XINHUA in English 0117
GMT 20 Jan 94*

[Text] Canberra, January 20 (XINHUA)—The Democratic People's Republic of Korea [DPRK] has contacted Australia on the possibility to restore diplomatic ties between the two countries, a spokesman of the Australian Foreign Affairs Department told XINHUA this morning.

Officials of Korea have recently held secret talks with Australian diplomats in Jakarta and Bangkok on the reopening of diplomatic dialogue between the two governments, the spokesman said.

The move came 19 years after diplomatic ties between the two countries broke down in 1975 when Australia backed South Korea in the United Nations.

The Australian Government is considering the proposal by the DPRK, but "no decisions have been made at present", the spokesman stressed.

However, it will be "an option" for Australia to invite a North Korean official at junior minister level to visit Canberra later this year to discuss the issue, he said.

It is understood that Australia has made it clear that some conditions will have to be met by Pyongyang before the ties between the two countries can be renewed.

The conditions include North Korea allowing international inspectors into the country to examine its nuclear facilities and resumption of high-level talks between North Korea, South Korea and the United States.

If Australia restores diplomatic links with the DPRK, it will be the first English-speaking western country to do so.

The Australian Government has informed the U.S., Japan and South Korea of the approach by the DPRK, the spokesman said.

United States & Canada

Reports on U.S. Treasury Secretary Bentsen's Visit

Meets Shanghai Mayor

*OW2201114694 Shanghai People's Radio Network in
Mandarin 1000 GMT 22 Jan 94*

[From the "News and Weather" program]

[Text] This noon, Mayor Huang Ju met with U.S. Secretary of the Treasury Lloyd Bentsen and his party at the Xinjinjiang Hotel. Huang Ju said Shanghai is the miniature of China's reform and opening in the 1990s. The greatest change that has taken place in Shanghai is its citiscap. Over \$6 billion have been invested annually

in Shanghai over the past several years, one-third of which was used for urban construction. When touching on economic cooperation with foreign countries, Huang Ju noted that Shanghai has the largest number of cooperation projects and the broadest fields of cooperation with big U.S. companies. Huang Ju expressed the belief that with the visit of Secretary Bentsen more U.S. businessmen will invest and engage in cooperation in China and in Shanghai.

Secretary Bentsen also delivered an ebullient speech.

Concludes Trip 22 Jan

*OW2201105194 Beijing XINHUA in English 1043
GMT 22 Jan 94*

[Text] Shanghai, January 22 (XINHUA)—U.S. Secretary of Treasury Lloyd Bentsen and his party concluded their four-day China trip and left here by air this afternoon.

Before his departure, Bentsen said that China is a country which has the fastest growing economy in Asia and its prosperity and stability will benefit both the U.S. and the world as a whole.

The U.S. visitors this morning made a tour of a local diesel engine company, which has bought a total of eight million U.S. dollars of U.S. equipment over the last decade. During the tour, Bentsen expressed the hope that the American and Chinese entrepreneurs would strengthen their cooperation.

At noon, Shanghai Mayor Huang Ju met with Bentsen and his party and gave a banquet in their honor.

Bentsen arrived in Beijing Wednesday at the invitation of his Chinese counterpart Liu Zhongli.

The U.S. secretary arrived in Shanghai yesterday, after attending the reactivated Eighth Session of the Sino-U.S. Joint Economic Committee in Beijing.

Editorial on Bentsen Visit, GATT Return Bid

*HK2201081794 Hong Kong WEN WEI PO in Chinese
22 Jan 94 p 2*

[Editorial: "The United States Firmly Supports China's Return to GATT"]

[Text] U.S. Secretary of Treasury Lloyd Bentsen's China visit has made inspiring achievements and vigorously promoted bilateral trade and economic cooperation. With the issuance of a joint statement by the Sino-U.S. Joint Economic Committee yesterday, a new framework for closer trade and economic contacts between the two countries was set up. This was a successful attempt to handle matters concerning the economic interests of both countries in the spirit of "seeking common ground while reserving differences."

The joint statement pointed out: The financial ministers of both countries agree that the Sino-U.S. Joint Economic Committee will meet every year in the two countries by rotation. Meetings of the committee have been suspended for seven years. Now with the establishment of a new cooperative mechanism under which the committee will meet once a year, cooperation between the two countries in the industrial, agricultural, scientific and technological, financial, and trade fields will surely be vigorously promoted. China is now going all out to promote market-oriented economic reform and trying to dovetail its economy into the world economy. This is not only a good thing for China but also a good thing for the world. The United States clearly expressed its stand of "firmly supporting China to restore its position as a signatory state to GATT."

If China's position as a signatory state to GATT is restored, all countries will be able to open up commodity, financial, and service markets in China, and Western countries, which are striving hard for economic prosperity, will be greatly benefited. That is why the United States is firmly supporting restoration of China's position as a signatory state to GATT. More than that, Lloyd Bentsen gave the following message to China on behalf of President Clinton: "The United States supports a stable, prosperous, and modernized China." The United States has not only spoken favorably of China's policy decisions on reform of its monetary and financial, tax, and foreign exchange systems, but also expressed willingness to provide technological aid for these reforms. To help China carry out reform of its monetary system, the United States is willing to provide China with professional knowledge and practical experience. For this reason, Chairman Greenspan of the U.S. Federal Reserve Board will also visit China later this year. The United States always carries out macroeconomic regulation and control, regulates the exchange rates of the dollar, and readjusts relations between the issuance of banknotes and its internal and external economic and trade activities by means of the interest rate and other means such as issuing bonds and bills and directly interfering in the exchange market. Undoubtedly, these are all experiences for China to study.

Of course, the United States has its own interests. The more mature China's market system is, the more opportunities there will be for U.S. investment in China. Moreover, establishment of close, friendly, and cooperative relations with China is also good for the United States in opening up and occupying the Chinese market. That is why the chairman of the U.S. Federal Reserve Board will follow the treasury secretary and come to visit China. Apart from cabinet members, some sub-cabinet work groups will also be engaged in handling three major items, namely, "currency and banks," exchange rates, and investment and economic cooperation. The three subministerial work groups will meet once every six months. Between the meetings, there will be some special technological officials to take charge of coordination matters and provide aid so that the work groups can make achievements as soon as possible.

The third item, "investment and economic cooperation," is particularly eye-catching. In the next five years, China will import \$700 billion worth of equipment. All countries are vying with one another for these contracts, which will be carried over to the next century. By establishing a work-group-level permanent channel and promoting economic cooperation with China, the United States has taken an early step into the Chinese market and gained an advantage of being in a favored position. Following the United States, there will be another "China craze" in the Western countries. Japan and west European countries will come one after another to take "China—an economic express train." This is because if one does not get a seat at the crucial moment and lets the market be occupied by others, one will find it very difficult to enter the market in the future and will always be at a disadvantage in competition.

Trade between China and the United States is still being obstructed by some outdated laws. The United States should relax restrictions on exports of certain scientific and technological products to China and on China trade. The dispute over China's MFN status every year also seriously hinders development of Sino-U.S. trade and economic relations. Therefore, at a press conference, Lloyd Bentsen pointed out that China and the United States should first resolve the MFN issue. This is a change in policy for looking ahead. Provided China and the United States observe guidelines of the communiqué on establishing diplomatic relations and do not interfere in each other's internal affairs, all issues can be resolved through consultations. China is now adopting an open and pragmatic attitude. It is hoped that the U.S. side will also do more solid work and break away from quibbling over certain issues to vigorously make a new step forward.

'New Stage' Seen in Sino-U.S. Trade Ties

OW2201111594 Beijing XINHUA in English 1014
GMT 22 Jan 94

["Sino-U.S. Trade Ties Head for New Stage"]

[Text] Beijing, January 22 (XINHUA)—China and the United States last week reached a new textile agreement and reactivated the joint economic committee after a suspension of six years.

The two events mark a major step toward a new stage of trade and economic cooperation between the two countries, observers here said.

Despite frequent frictions in Sino-U.S. trade and economic ties, their cooperation in the field has been developing at an encouraging pace in recent years.

China's customs statistics show that the trade volume between the two countries reached 27.65 billion U.S. dollars in 1993, registering an increase of more than 10 billion U.S. dollars over the previous year.

Last year, both countries saw a great increase in their exports to each other. The U.S. export of machinery and electronic products, airplanes, and complete sets of equipment to China rose more rapidly.

The United States has maintained its status of China's third largest trade partner and China has also become a major trade partner of the United States.

China is the purchaser of one fifth of the U.S. total export of wheat and one sixth of its exported phosphate fertilizer.

Besides, as a major buyer of the U.S. airplanes, China has bought more than 200 Boeing airplanes with a total value of over 10 billion U.S. dollars.

Meanwhile, China has approved about 8,000 U.S.-funded projects with a total contractual investment of 10.8 billion U.S. dollars, and the United States has become one of the largest foreign investors in China.

An outstanding feature for last year's U.S. investment in China is that more and more transnational corporations have showed great enthusiasm in investing in China. Up to now, many of the 500 U.S. leading firms have launched large-sized joint ventures with China.

The Clinton administration has made the revitalization of the economy and the enhancement of the competitiveness of the U.S. products as one of its major tasks, while China, with a sustained high-growth of economy, is formulating and implementing its overall economic development program.

Therefore, trade between China and the U.S. are strongly complementary in many ways and the two may enjoy each other's huge potential markets, thus increasing the competitiveness of their products through cooperation.

Moreover, China imports a large number of products from the U.S. every year, such as wheat, aircraft, fertilizer, paper, machines and electronics.

With the development of China's national economy, the demand of its domestic market will be further enhanced. Its targeted import volume between 1991-1995 is estimated to be more than 400 billion U.S. dollars, which involves the construction of airports, power stations, energy and telecommunication projects. And the power station projects only will cost over 10 billion U.S. dollars, which will surely intrigue foreign enterprises, including the U.S. ones.

Despite of the sound grounds for the further development of the Sino-U.S. trade and economic ties, the annual discussion on China's most favored nation (MFN) status in the U.S. has been casting a shadow on them. Chinese trade officials said that a smooth development of bilateral trade and economic ties needs a permanent solution of the MFN issue.

Trade deficit is another factor that has affected bilateral trade relations. The reason lies in different methods of statistics and some U.S. export limitations to China.

According to sources, China and the U.S. have agreed to set up a working group to solve the difference in counting between the two sides.

People here believed that if the U.S. rescinds its limitations in export to China, China's import from the U.S. will surely see a remarkable increase.

They said that as long as the foresighted politicians and entrepreneurs of both sides can grasp the opportunity, face the challenge together and continue their fruitful cooperation, the spring of a new era for the Sino-U.S. trade and economic relations will come soon.

Column Views Sino-U.S. Relations

HK1601060894 Hong Kong HSIN PAO in Chinese 14 Jan 94 p 27

[From the "Beijing political situation" column by Jen Hui-wen (0117 1979 2429): "China Appreciates Sino-U.S. Relations in the Nixon Era"]

[Text] Beijing, 12 Jan (HSIN PAO)—China and the United States hold the balance in international affairs, hence Sino-U.S. relations are always the focus of the world. Sino-U.S. relations were at a low ebb after the 4 June Incident in Beijing. In November 1993, PRC President Jiang Zemin met U.S. President Clinton in Seattle at the latter's invitation. Since this was the first official meeting between the heads of state of the two countries in more than four years due to a break in high-level dialogues, it was considered a new beginning in the improvement of Sino-U.S. relations. However, to everyone's surprise, and at a time when a thawing of Sino-U.S. relations was expected, the United States unilaterally announced on 6 January that China's textile import quotas would be reduced by 25 to 35 percent starting 17 January. Although China has already agreed to settle this issue through talks by 17 January, it was, after all, the United States which stirred up the Sino-U.S. trade war. In view of this, people cannot but ask: How will Sino-U.S. relations develop? In order to answer this question, we must first understand how the Clinton administration has revised its policy towards China and how the Chinese Government is reacting to the United States.

Clinton Revises His Tactics Towards China

According to a source in Beijing, after studying U.S. foreign policies since Clinton came to power, Chinese experts in U.S. affairs judged that the United States had decided to revise its policy towards China before Clinton invited Jiang Zemin to Seattle. The United States did not give up its strategy of facilitating changes in China through peaceful evolution, but due to the consideration of revitalizing the domestic economy (the United States has elevated economic issues to the high plane of

national security), it decided to change its tactics towards China and establish multilateral relations through dialogue with various Chinese ministries. On 7 September 1993, the Clinton administration pointed out in the "Evaluation Report on U.S. Policies Towards China in Recent Years," of which the Foreign Affairs Committees of the Senate and House of Representatives were informed by memorandum (the report was passed later): It is necessary to treat U.S. national interests, rather than human rights in China, as a top priority. It showed that Clinton wanted to change the past practice of dealing with foreign relations which treated human rights in China as the top priority and which neglected economic issues related to U.S. national interests and national security.

U.S. political circles described the revised policy towards China as a "policy of contacts," which implies: On the one hand, with the Clinton-Jiang Summit as the beginning, the United States will have more and more contacts with China. In particular, the two "forbidden zones" of mutual visits between senior leaders and of military contacts set up by the United States have been abolished, thus implying that the atmosphere of Sino-U.S. relations will be improved. On the other hand, if the United States mainly resorted to the practice of "facilitating changes by exerting pressure" on China in the past several years, it will, more often than not in the future, try to influence China and ask China to change its existing systems and policies through contacts and cooperation.

However, Chinese experts in U.S. affairs pointed out: It is true that the Clinton administration treats the reinvigoration of the domestic economy as the top priority and the consideration of economic interests has a greater share in its foreign policy, but U.S. diplomacy in the post-Cold War era still considers the pursuit of economic interests, defense of national security, and promotion of "democracy and human rights" as three interrelated and complementary goals. Compared with other powers, U.S. diplomacy has strong ideological colors. The House of Representatives sticks to the principle that human rights diplomacy can never be abolished, otherwise the United States will lose its spiritual leadership in the world and friction will arise in economic cooperation. Hence, although a thawing of Sino-U.S. relations after the Seattle Summit is expected, substantive issues have not yet been resolved and China should make a sober estimate of the difficulties in Sino-U.S. relations.

The source said: Chinese experts on U.S. affairs and Chinese leaders hold that senior U.S. Government officials (for example, President Clinton and Secretary of State Christopher) are not as farsighted as former U.S. President Richard Nixon and former Secretary of State Henry Kissinger. The unremitting efforts and courageous policy decisions made by Nixon and Kissinger for the establishment of diplomatic relations between the United States and China are still a much-told tale. For this reason, they established friendship with China and become friends of the Chinese people. Not long ago,

DACANKAO [LARGE REFERENCE 1129 0639 5072], a CPC journal published internally for senior cadres' perusal, compared the three letters separately sent by Kissinger and James Lilley (former U.S. ambassador to China) to the U.S. presidents and its intention was obviously to praise Kissinger and censure Lilley, which shows that the Chinese authorities very much appreciate Sino-U.S. relations in the Nixon-Kissinger era.

Beijing Appreciates Nixon and Kissinger

DACANKAO said: In order to normalize American-Chinese relations, Kissinger wrote two letters to President Nixon and one to President Reagan. He volunteered to pave the way for Nixon's visit to China and later helped bring about U.S.-Vietnamese peace talks. Consequently, he and Vietnam's Le Duc Tho were jointly awarded the Nobel Peace Prize. Late PRC Premier Zhou Enlai said when congratulating him, "Duc Tho will get longevity and you will get valuables." The non-isolation policy pursued by Reagan was also facilitated by Kissinger. The Chinese people will never forget Kissinger's contributions to the establishment of diplomatic relations between China and the United States.

DACANKAO went on to say: Lilley also wrote three letters to the U.S. president (Bush). His second letter, which is still sensible, suggested that it was inadvisable for the United States to link human rights with trade in formulating its policy towards China. However, his first letter (which was written after the disintegration of the Soviet Union) maintained that the United States should fully support Taiwan independence, and his third letter maintained that the United States should vigorously and unequivocally support Hong Kong Governor Patten's political reform package. Obviously, these two letters were antagonistic towards China. In particular, his advocacy of Taiwan independence helps China see clearly that there are two persons surnamed "Li" working for Taiwan independence, the first one is Lee Teng-hui of Taiwan and the other is James Lilley of the United States, which may be called a "two-man comic show, with one singing while the other acts." It is impudent enough for people like Lilley to try to play Kissinger's role in the present time, but are they qualified?

Chinese experts in U.S. affairs said: By praising Kissinger and censuring Lilley, DACANKAO hoped that in dealing with Sino-U.S. relations, the Clinton administration can, just as Nixon and Kissinger did, bear its own long-term strategic interests in mind and, at the same time, respect China's interests according to the principles of mutual respect and equality without haggling over differences in social systems and ideologies, thus properly resolving the issues between China and the United States.

The source also said: The Chinese Government is fully aware that Clinton has revised his policy towards China and is willing to have dialogue with China, but so far he has not had the same strategic courage as Nixon and Kissinger had. He will still couple threats with promises

and frequently stir up troubles in the process of making contacts with China. Moreover, China cannot but notice that recently the Clinton administration aims at China and has taken some abnormal moves on the issues of the DPRK, Vietnam, and Hong Kong.

China Pays Attention to Abnormal Moves Taken by the United States

As far as the DPRK issue is concerned, the United States once held that with the dissolution of the Soviet Union, China's strategic position declined. But with the emergence of the DPRK nuclear issue, the United States affirms the importance of China's strategic position and wants to win over China to jointly deal with DPRK.

As far as the Vietnam issue is concerned, the United States wants to win over Vietnam so as to make it become another China in the Cold War period, whereas China is regarded as the then-Soviet Union. Hence, on the one hand, the United States announced the decision to relax the 18-year-long trade ban against Vietnam to reciprocate Vietnam's assistance to the United States in searching for MIA's from the Vietnam War, and on the other hand secret talks have been held in Paris and Vietnam, which will be elevated to the ambassadorial level or even the level of special envoy. Clinton described the U.S. envoy taking part in the talks as a modern Kissinger.

As far as the Hong Kong issue is concerned, members of the U.S. House of Representatives and the person in charge of the Republican Party's Human Rights Committee have already promised leaders of Hong Kong's radical democrats that they will put forward a motion at regular Congressional sessions in the near future: First, to amend the "Law of Hong Kong Relations" and ask the State Council to submit a report on Hong Kong issues to Congress once a year instead of twice a year; second, to urge Patten to table his original political reform package to the Hong Kong Legislative Council for discussion; and third, to ask Congress to open a hearing on the issue of democratization in Hong Kong.

As indicated by various signs, there is a thawing of Sino-U.S. relations, but the path is still not easy. As compelled by reality, the Chinese authorities must conscientiously study tactics to deal with the United States. Hence, the development of Sino-U.S. relations in the future will still be the special concern of the world.

U.S. Capital Market Symposiums Held

In Beijing 17 Jan

OW1701135494 Beijing XINHUA in English 1234
GMT 17 Jan 94

[Text] Beijing, January 17 (XINHUA)—A seminar opened here today to discuss the access of Chinese enterprises to the capital market of the United States.

Some 150 Chinese and American securities experts, accountants and lawyers attended the one-day seminar, which was jointly sponsored by the China Securities Regulatory Commission and the Bank of New York of the United States.

Fu Fengxiang, vice-chairman of the China Securities Regulatory Commission, said at the seminar that China's securities market has experienced fast development since the country started reform and opening 15 years ago.

He said that a good environment for securities business in China has taken shape.

Fu told the participants that China adopted nearly 20 laws and regulations concerning securities last year. And it is going to promulgate a securities law in the near future to provide better legal protection for the management of securities.

He noted that Sino-foreign cooperation in the economic field has expanded from joint ventures to capital investment.

China recently issued depository receipts in the United States which have shown positive results, Fu said.

Fu expressed his belief that the seminar will effectively encourage Chinese enterprises and their securities to enter the world market, especially the U.S. capital market.

Joseph M. Velli, executive vice-president of the Bank of New York, briefed the participants on the U.S. capital market, saying that according to an estimation of his bank, China will become the most important new depository receipts-issuing country.

He added that many international companies and individual buyers are "very interested" in China's stocks issued in the United States.

J. Carter Beese, commissioner of the U.S. Securities and Exchange Commission, Edmund Lukas, vice-president of the New York Stock Exchange, and Thomas D. Sanford, vice-president of the Bank of New York, answered questions raised by participants.

In Shanghai 19 Jan

OW2001163594 Beijing XINHUA in English 1404
GMT 20 Jan 94

[Text] Shanghai, January 20 (XINHUA)—There will be more exchanges between the capital markets of China and the United States, with the Shanghai-based Petrochemical Shareholding Company Ltd entering the U.S. capital market in the form of American Depositary Receipts (ADR).

U.S. investment in China will benefit both sides, J. Carter Beese, director of the U.S. Securities and

Exchange Commission, said here yesterday at a symposium on how to enter the capital market of the United States.

The symposium was jointly sponsored by the Shanghai Municipal Government and the Bank of New York.

Carter Beese said that he was happy about China's plan to issue one billion U.S. dollars-worth of global bonds in the United States. It will be the first time for China to enter the capital market of the United States.

Shanghai Vice-Mayor Wu Kuangdi agreed to Carter Beese's view.

Now three Shanghai-based companies have entered the capital market of the United States in the ADR form. Xu thought that they would help establish a good image for Chinese enterprises in the United States.

Edmund Lukas, vice-president of the New York Stock Exchange, estimated that the trading volume of ADR in the United States will grow from 20 billion U.S. dollars last year to some 25 billion U.S. dollars this year, which will probably involve new enterprises from China.

Joseph M. Velli, vice-president of the Bank of New York, also lectured at the symposium, telling some 200 Chinese stock exchange officials how to enter the capital market of the United States in the form of ADR.

U.S. Investor Signs Memorandum With Beijing Mayor

OW2001154894 Beijing XINHUA in English 1525
GMT 20 Jan 94

[Text] Beijing, January 20 (XINHUA)—Beijing will provide promising investment opportunities for U.S. investors, Jack Perkowski, president of the Pacific Alliance Group Company from the United States, said here today to the Chinese capital's mayor, Li Qiyang.

Jack Perkowski came to sign a memorandum on cooperation with the Beijing Municipal Government.

Under the memorandum signed here today, the two sides will conduct initial cooperation in automobile parts, building materials, electric power and expressways.

Vice-Mayor Lu Yucheng said that Beijing would try to attract more international companies and consortiums to invest in its basic construction, including automobiles, building materials and energy.

By the end of last year, Beijing had approved 7,512 foreign-funded enterprises, involving more than 10.24 billion U.S. dollars in foreign funds. More than 1,600 of the enterprises have started production and reported a sales volume of 20.5 billion yuan last year.

There are now 1,129 U.S.-funded enterprises in Beijing, with a U.S. investment of more than 1.26 billion U.S. dollars, ranking second after Hong Kong.

Li Lanqing Meets U.S. Businessmen

OW2401064794 Beijing XINHUA in English 0612
GMT 24 Jan 94

[Text] Beijing, January 24 (XINHUA)—Chinese Vice-Premier Li Lanqing met with Sidney Taurel, director of Lilly, a company based in the United States, and his party here this morning.

Taurel, who is also president of the pharmaceutical department of Lilly, and his party arrived here last Saturday as guests of China's State Pharmaceutical Administration. Apart from Beijing, they are scheduled to visit Shanghai and Suzhou.

U.S. Medicine Manufacturer To Enter Market via Hong Kong

OW1401231494 Beijing XINHUA in English 2159
GMT 14 Jan 94

[Text] New York, January 14 (XINHUA)—The U.S. giant medicine manufacturer Merck & Co. has formulated a strategy for entering the Chinese market, with the help from Hong Kong.

Using Hong Kong as a base, the company is looking to sell many of its more than 150 prescription medicines in China, according to the Hong Kong Trade Development Council's New York office here today.

P. Roy Vagelos, chairman and chief executive office of Merck said, after a recent trip to China's Shenzhen, his company has made some important decisions about China and their strategy was well advanced and about to crystallize.

The visit by a five-member Merck delegation to Shenzhen was organized by the Hong Kong Council. Since 1953 Merck has established its Far East Regional Office in Hong Kong and in the past months representative offices were also set up in Beijing, Shanghai and Guangzhou.

As the chairman noted, the company has now reached the point to become a joint venture partner in selling directly to China's domestic market and producing some of the products on the mainland.

A technology transfer project from Merck prompted China's national vaccine and serum institute to launch a factory in Beijing last October that produced vaccine against hepatitis B and now a similar factory is now under construction in Shenzhen.

Article Views Changes in U.S. Intelligence Work

HK2001150394 Beijing LIAOWANG in Chinese No 2,
10 Jan 94 pp 46, 47

[Article by Xiao Yong (2556 0737): "U.S. Intelligence Work Focuses on Protecting Economic and Practical Interests"]

[Text] Following the end of the Cold War and the disintegration of the Soviet Union, major changes have taken place in the global security strategy of the United States. In order to deal with the Soviet threat during the Cold War, the United States had to throw large amount of human and material resources into security and defense, of which the essential point was to collect intelligence related to the Soviet political, military, diplomatic, economic, scientific, and technological fields. Like the country's strategy as a whole, the CIA is undergoing a period of major readjustment.

However, it is no easy job to reform an intelligence system which has taken shape over the past 50 years. The question was raised as early as 1990, when David Boren, then chairman of the Senate's Intelligence Committee, proposed that the United States must have a new intelligence strategy to meet the changes in the world situation. In view of the relaxation in tense U.S.-Soviet ties, the Soviet Union had not yet disintegrated, and there were no indication of any relaxation of regional conflicts, Boren proposed that U.S. intelligence agencies must have the capacity to verify new and complicated agreements on arms control while continuously keeping watch on Soviet military deployments and the activities of the Soviet leadership. At the same time, Boren insisted on information supplied by human beings, infiltrating terrorist and drug organizations, and following trends in weapons proliferation; paying attention to economic information; and having comprehensive and early forecasts of "enemy" intentions. In a word, the shift in U.S. intelligence must start as quickly as possible.

From then on, there were numerous analyses and debates on intelligence reform in the United States. The basic orientation was to adapt to the post-Cold War changes; reduce surveillance of Soviet military activities; collect more economic information, strategic trade information, and trends in financial markets; and offer services which could help maintain global U.S. economic superiority.

After deliberations by relevant quarters for around two years, CIA Director Gates officially submitted to President Bush a plan for CIA reform in April 1992. The plan has yet to be made public. Viewed from information disclosed by various quarters, a number of readjustments were quietly made in U.S. intelligence work.

The readjustments were mainly changes in the focus of intelligence work. First, viewed from the angle of states, the United States still regarded the CIS as its "main" target for intelligence collection, particularly the political and economic situation in the CIS and the proliferation of weapons of mass destruction. Second, collection of intelligence on arms proliferation, and international drugs and terrorist organizations in other countries. Moreover, the United States also attached great importance to international financial, trade, and technological information and paid close attention to intelligence on environmental protection, natural resources, and public health.

U.S. intelligence collection relies heavily on the economic field. To prepare the current reform plan, it is said that the White House asked more than 20 government departments to submit the foci of their intelligence work to the year 2005. The results indicated that around half of the reports were focused on economic areas. Most U.S. officials believe that by the end of the century, the most serious challenge to the country would come from the international economic field. After analyses, selection, and summaries of these reports, a new scheme proposed three major tasks for U.S. intelligence agencies to collect international economic information: First, keep abreast of global economic trends and opportunities, take note of their influence on a stable international situation which includes the economies of "allies" and "potential enemies," and track economic activities and unusual financial relations and commercial transactions. Second, track trends in international science and technology, particularly advanced technological trends, such as the development and application of supercomputers and the development of semiconductors and information technology, and judge the impact these developments could have on U.S. security. Third, strengthen economic monitoring work. In the intelligence sphere, the United States discovered that many countries, including its allies, had shifted the focus of their attention from politics to the economy, taken North America as their target, and had vigorously collected U.S. economic and commercial information.

According to the U.S. media, the CIA holds that the country must guard against more than 20 countries which are involved in gathering "industrial information" from U.S. companies. More attention was given to this matter after Clinton assumed office. At his approval by Congress earlier this year, CIA Director R. James Woolsey said that the gathering of economic information is "the hottest topic in current intelligence policy" and that the Clinton administration will carry out "comprehensive research" on the matter. In the coming year, the Clinton administration will adopt a series of measures to ensure the gathering of economic information and anti-espionage work. Statistics show that the proportion of spending on gathering information in the former Soviet Union dropped from 58 percent in the 1980's to under 20 percent, while spending on the economic and other fields continues to rise, amounting to two-thirds. By the end of 1993, Woolsey stressed that the CIA had already played an "essential role" in hitting at foreign intelligence agencies, which were trying to gather industrial information in U.S. companies through bribery. He also disclosed that the CIA's anti-espionage work saved the country billions of dollars in losses each year.

In order to adapt to the above changes, the U.S. administration also correspondingly readjusted its management and coordination of all kinds of intelligence work, as well as the intelligence analysis mechanism. For example, the Defense Department assigned special personnel to help exercise management over planning and budgets for the nation's intelligence agencies in order to

eliminate malpractices by different departments in formulating variant policies for intelligence work and outlays during the Cold War. The administration also made the CIA's "National Intelligence Committee," which is responsible for evaluating information, independent, allowing it to merge the "Joint Intelligence Committee on Atomic Energy"; the "Intelligence Committee on Science and Technology"; and the "Intelligence Committee on Space Systems and Weapons"; attached importance to a series of existing special intelligence organs; and strengthened unified management. At the same time, the United States stressed the role of agents and changed the Cold War trend, which relied excessively on satellites, aerial reconnaissance, and other technical means. On one hand, some people say that this was a lesson learned from the Gulf war. Prior to Iraq's invasion of Kuwait, the United States took satellite photographs of Iraq's military deployments. However, there was a lack of verification by agents on the ground and in sounding out Iraq's intentions. For this reason, the United States has emphasized the necessity of better training for its agents, particularly those proficient in the languages and cultures of Third World nations, who should appear more in the capacity of nongovernmental officials to reduce dependence on satellite information. On the other hand, as most regional and limited conflicts have taken place in Third World nations, and the United States has a shortage of relevant experts and agents, the United States has shifted its security attention to these regions. Because of the large amount of economic information "software" and the fact that a lot of "information" is in the media or even inside people's minds, which does not appear like weapons and other hardware as in the security and defense fields, the problem can only be solved by relying on large numbers of people. Despite the major readjustments in U.S. intelligence work, it is noteworthy that spending has not decreased. Since the Cold War has ended, some congressmen proposed that the intelligence budget should be cut by 7 percent each year, just like the defense budget. However, actual spending in 1993 could still reach \$30 billion, the same as prior to the disintegration of the Soviet Union. Some U.S. administration officials hold that intelligence is the first line of defense for U.S. security, which should be strengthened rather than weakened.

Reform of the U.S. intelligence system is still under way and the difficult problems cannot be easily resolved overnight. Outstanding problems include: Economic activities are mainly regulated by market factors. If the government interferes in economic activities, it will be a difficult question to allow economic circles to share the information, manifest the principles of the market, and avoid agents from getting involved in economic activities, which could result in corruption. For this reason, it is said that U.S. economic information work is focused on combating espionage, rather than taking the initiative to launch offensive operations. Moreover, targets for the collection of economic information are mainly developed nations, many of whom are U.S. allies. Because of the intelligence wars arising from this, it has become

even more difficult to coordinate relations among the western countries, which are full of frictions and which have further aggravated the lack of trust between them. Shortages of funds have also become increasingly prominent. As for its national security strategy as a whole, the U.S. intelligence system is still in a transitional period and is undergoing major readjustments, which will focus on safeguarding the United States' economic and practical interests.

Central Eurasia

Russia's Foreign Minister To Visit 26-29 Jan

To Discuss 'Bilateral Relations'

OW2201083994 Beijing XINHUA in English 0827
GMT 22 Jan 94

[Text] Beijing, January 22 (XINHUA)—Andrey Vladimirovich Kozyrev, foreign minister of the Russian Federation, will pay an official visit to China from January 26 to 29 at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen, according to an announcement made by a spokesman of the Chinese Foreign Ministry here today.

The two sides will exchange views on bilateral relations and other issues of common concern, the spokesman said.

Russian Official on Upcoming Visit

OW2201053694 Beijing XINHUA in English 0513
GMT 22 Jan 94

[Text] Moscow, January 21 (XINHUA)—The improvement of relations with China is "in the fundamental interest of the Russian people," a senior Russian diplomat said here today.

Mikhail Beliy, a director at the Foreign Ministry on Asian-Pacific Affairs, told a news conference that Russian Foreign Minister Andrey Kozyrev will visit China on January 26-29.

During his stay in Beijing, Beliy said, Kozyrev will hold talks with his Chinese counterpart on bilateral issues and other issues of mutual concern.

He will also sign an accord on transit points along the Sino-Russian border and a summary on consultations between foreign affairs institutions in the two countries.

The director said the Russian foreign minister is very interested in China's experiences in economic reforms. He will also travel to China's historical city of Xian and the Shenzhen special economic zone in southern China.

Beliy said that the trade volume between the two countries last year totalled 7 billion U.S. Dollars, of which Russia enjoyed a 2-billion-dollar trade surplus.

Prime Minister Says Russia To Fight Inflation

OW2001222694 Beijing XINHUA in English 2145
GMT 20 Jan 94

[Text] Moscow, January 20 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin stressed on Thursday [20 January] the need to curb the inflation, the "biggest problem" for the country.

Speaking at a news conference held here on Thursday afternoon, Chernomyrdin said his government expects inflation to run at 15-18 percent a month for the first half of 1994, and 12-14 percent for the second half of the year, falling to perhaps 8-9 percent monthly by the end of the year.

"Inflation is and remains the biggest problem" in Russia, he pointed out, noting: "Everything else depends on curbing the biggest problem."

The inflation rate has wavered up or down 20 percent in the country in the past months.

The government head stressed: "Inflation in Russia no longer depends on the activity of one or another government official." It is "now fluctuating on its own inertia," he added.

Chernomyrdin said attempts at financial stabilization were being undermined by two things: on the one hand, the structure of the economy and structural problems which have led to stagnant investment rates and a decline in production, and on the other hand, federal organs of power which sometimes make promises which are impossible to fulfil.

He told reporters that the newly-formed cabinet proposed to "correct the course of reforms." According to him, the essence of the correction in the fight against inflation will be that—"we will move from primarily monetaristic tactics to non-monetaristic ones, which have been used in many European countries."

The head of the Russian Government specified that this means the foundation of a real competitive market in the Russian economy. "That is, in fact, a step towards an increasingly open Russian market. All artificial barriers to the entry of foreign investments and goods into Russia will be removed."

He also stressed that the "president's course of deep and democratic reforms in the Russian society has been, is, and will be consistently pursued."

At the news conference, the prime minister read out the list of the new Russian Government signed by President Boris Yeltsin.

In the new line-up, Chernomyrdin has one first deputy—Oleg Soskovets, and three deputies—Aleksandr Zaverukha, Anatoliy Chubays, and Yuriy Yarov.

He also listed names of ministers. But the final government reshuffle has not finished completely, well-informed sources here said.

In order to raise the government's effectiveness, the number of its members was reduced from 93 to 29, the sources confirmed.

Unemployment Predicted for Russia in 1994

OW1301044794 Beijing XINHUA in English 0314
GMT 13 Jan 94

[Text] Moscow, January 12 (XINHUA)—Russia's jobless will hit a record seven million in 1994 compared to last year's four million according to official predictions made by the government.

The huge rise is blamed on further declining production and continued changes affecting the business world.

In an economic report released recently, the government also said that the number of people entitled to unemployment benefits this year will reach three million, up dramatically from last year's figure of less than 50,000.

The report said that the government's major task this year is to stick to relatively tough financial and monetary policies so as to lower the budget deficit and reduce the inflation rate to between five and seven percent by the end of 1994.

In 1993, the budget deficit consumed about seven percent of Russia's general domestic product (GDP), which fell by 12 percent from the 1992 level due to continued economic recession.

Employees are expected to be paid three times more than last year's level in terms of face value of their wages, with average monthly income hitting 240,000 rubles (about 200 U.S. dollars according to the current exchange rate).

Meanwhile, commodity wholesale prices will rise by 2.6 times, the report forecast.

Reviewing last year's economic situation, the report commented that reform efforts toward establishing a market economy had led to an increase in the private sector, which utilized about 40 percent of the country's labor force.

It said as much as 70 percent of Russia's commercial businesses, food industry and service trade had been privatized by the end of 1993.

And the service trade alone produced 42 percent of last year's GDP, representing a nine percent increase from that in 1992, it added.

According to the report, about 2,000 commercial banks were set up during 1993, while a unified grain market also came into shape.

Belarus Official on Economic Reforms

OW1201063394 Beijing XINHUA in English 0617
GMT 12 Jan 94

[Text] Minsk, January 12 (XINHUA)—Belarus will speed up its reforms for a market economy this year despite current economic woes caused by hikes of prices for imported raw materials from former Soviet republics.

In an interview with XINHUA Tuesday [11 January], vice chairman of Belarus' Council of Ministers Sergey Stepanovich Ling said that the country's ongoing economic reforms are irreversible.

Moreover, he emphasized, Belarus has laid a "primary legislative foundation" to guarantee the continuation of its reforms.

Twenty bills related to reforms in the economic structure and the ownership system, including laws on privatization and land ownership, were adopted last year.

In 1994, the government will take a series of measures, including the issuance of privatization bonds three months ahead of schedule, to push the reforms forward.

But he ruled out the possibility of adopting such radical reform policies as "shock therapy." The state "will control the pace of reforms" "to ensure their effective continuation," he stressed.

The vice chairman pointed out that Belarus will pursue a "gradual and cautious" reform policy. The former Soviet republic will study China's excellent experiences in its reform to avoid making mistakes in its own reform, he added.

Belarus' advanced industrial equipment and technology and the good qualifications of its workers will help lead the country out of the current economic plight, he said.

Belarus, which has to import over 90 percent of the energy and raw materials it needs, has met with great difficulty since Russia and other former Soviet republics raised prices for energy and raw material exports.

Belarus witnessed a monthly inflation rate of up to 30 percent and an unemployment rate of 1.2 percent last year. Many factories have stopped production.

During the privatization drive, more than 200 state-owned enterprises have been privatized so far and reforms have begun in finance, commerce and agriculture.

Southeast Asia & Pacific

Continued Reports on Cambodian Delegation's Visit

Visits Hainan

HK2201050794 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 19 Jan 94

[Excerpts] Led by His Excellency Prince Norodom Ranariddh, first prime minister of the Government of the Kingdom of Cambodia, and His Excellency Hun Sen, second prime minister of the government, a delegation of the Government of the Kingdom of Cambodia, comprising 44 members, arrived in Haikou by special plane from Beijing at noon yesterday for a two-day visit to Hainan Province. Governor Ruan Chongwu, Vice Governor Mao Zhijun, Haikou Mayor Zeng Haorong, and Chen Weiming, deputy director of the provincial foreign affairs office, welcomed the delegation at the airport.

In the afternoon, accompanied by Vice Governor Mao Zhijun and Haikou Mayor Zeng Haorong, His Excellency Prince Norodom Ranariddh and His Excellency Hun Sen visited a lumber mill in Haikou and the Hainan automobile factory. [passage omitted] Prince Norodom Ranariddh took a deep interest in Hainan's tobacco processing.

In the evening, Governor Ruan Chongwu met His Excellency Prince Norodom Ranariddh, His Excellency Hun Sen, and all the delegation members in the Haikou International Commercial Building. Ruan Chongwu welcomed the two prime ministers and briefed the guests on Hainan's strong points, GNP, and revenue.

Prince Norodom Ranariddh said that he was very happy to come to Hainan and that Hainan and Cambodia had many similarities, adding that it would be very good if cooperation could come in many fields. He briefed Ruan Chongwu on Cambodia's economy, tourism, and five-year development plan. He hoped that Cambodia and Hainan would establish more extensive relations with each other. The meeting proceeded in a friendly and cordial atmosphere. [passage omitted]

Trip Yields 'Fine Results'

BK2201115194 Beijing China Radio International in Cambodian 1030 GMT 21 Jan 94

[Article by Chou Hun-sin and Yoeun, station correspondents: "The Delegation of the Royal Government of Cambodia Has Scored Fine Results During its First Visit to China"—read by announcer]

[Text] A delegation of the Royal Government of Cambodia [RGC] led by Prince Krompreah Norodom Ranariddh, first prime minister, and Hun Sen, second prime minister, paid an official five-day visit to China from 17 to 21 January at the invitation of Chinese Premier Li Peng.

After the RGC delegation's arrival in Beijing, Prime Minister Li Peng hosted a solemn reception on 17 January to welcome the Cambodian guests of honor. This is the first visit to China by the two prime ministers after peace returned to Cambodia and after the establishment of the new royal government of Cambodia. The aim of this visit is to promote mutual understanding between the two countries' leaders and to increase economic cooperation between the two countries. This is a major event in the history of Sino-Cambodian relations.

The visit to China by the delegation jointly led by the two prime ministers, Prince Krompreah Norodom Ranariddh and Hun Sen, shows that the RGC pays attention to expanding friendly relations and cooperation between China and Cambodia. The traditional friendship between China and Cambodia has a long history. The visit to China by the RGC delegation is of great significance in the new situation.

During the visit to Beijing, the RGC delegation exchanged views with Chinese leaders, namely President Jiang Zemin and Prime Minister Li Peng, on regional and international issues of interest to both sides. President Jiang Zemin said that the situation in Cambodia underwent great and historic changes in 1993. He spoke during a meeting with Prince Krompreah Norodom Ranariddh, first prime minister, and Hun Sen, second prime minister. Cambodia, which has been a victim of war for over 20 years, has entered a new phase with peace and reconstruction. The Chinese Government sincerely hopes that the RGC will take care of the this arduously-acquired peaceful situation, further promote the national reconciliation process, and finally achieve full national reconciliation and work together to rebuild Cambodia. Jiang Zemin said that China will continue to provide assistance according to its means to the rehabilitation and reconstruction process in Cambodia.

Prince Krompreah Norodom Ranariddh said that the RGC pays attention to expanding friendly relations and cooperation with China. On behalf of the RGC and the Cambodian people, he thanked China for providing assistance during the transitional period and to the process to rebuild Cambodia.

Prime Minister Li Peng said that Cambodia has entered a new and historic phase in which peace will be restored. The Chinese Government and people sincerely hope that Cambodia will become a neutral and nonaligned country and that the RGC, under the leadership of His Majesty King Norodom Sihanouk, and will resolve its internal problems well in accordance with the spirit of national reconciliation to maintain Cambodia's peace and stability and to rally all forces to rebuild the country.

Prince Krompreah Norodom Ranariddh said that the RGC, through this visit, hopes to further expand the friendly relations and cooperation in every field between the two countries on the basis of equality and mutual interest. He expressed the conviction that the RGC and the Cambodian people will be able to gradually restore

and expand the economy with the assistance of the international community. The Chinese Government and the RGC also signed an economic and technical cooperation agreement in Beijing.

The RGC ended its visit in Beijing and left for Hainan and Guangdong Provinces in southern China on 19 January. Prince Krompreah Norodom Ranariddh and Hun Sen visited centers of industrial and technical development and Chinese-foreign joint enterprises in these two provinces. Apart from this, the delegation also held separate talks with the governors of these two provinces.

The two Cambodian prime ministers praised the achievements of these two provinces in building their economies. Prince Krompreah Norodom Ranariddh said the Kingdom of Cambodia's economy is going through a period of rebuilding. Experiences from the reforms in Hainan and Guangdong Provinces are worth learning from. He welcomed investment by and cooperation with Chinese enterprises in Cambodia.

The RGC delegation ended its friendly visit to China and left Guangzhou for home on 21 January. This is a visit that has increased cooperation and friendship. This visit has scored fine results.

Sub-Saharan Africa

Qian Qichen Continues Official Visit to Africa

Meets Premier of Madagascar

*OW2101140594 Beijing Central Television Program
One Network in Mandarin 1100 GMT 19 Jan 94*

[From the "National News Hookup" program]

[Text] [Video shows Ravony shaking hands with Chinese visitors, and meetings between Ravony and Qian Qichen and between Qian Qichen and Sylla, with some officials present at both meetings] Malagasy Prime Minister Ravony met with Vice Premier and Foreign Minister Qian Qichen on 18 January afternoon in Tananarive. During the meeting, Qian Qichen expressed his appreciation for Prime Minister Ravony's efforts to develop friendly relations between China and Madagascar. Qian Qichen believed that the economic exchanges and cooperation between the two countries could be even more comprehensive and diversified. Ravony said that Qian Qichen's concept for bilateral economic cooperation is very attractive, and the Malagasy government would promote and support direct cooperation between Malagasy entrepreneurs and Chinese entrepreneurs.

On the Taiwan question, Ravony said that Madagascar recognizes one China only; namely, the People's Republic of China, and Taiwan is a part of China. Qian Qichen expressed his appreciation for Ravony's statement.

On the situation in Africa, Ravony said: Great changes have taken place in world situation. Further cooperation between Africa and China is conducive to world peace and development.

In the afternoon, Qian Qichen held talks with Malagasy foreign minister Sylla. The two sides exchanged views on the African situation of common concern, and on how to further develop friendly relations and cooperation between China and Madagascar. The two sides reached a common understanding on a wide range of issues, expressed satisfaction on the development of Sino-Malagasy friendly and cooperative relations, and hoped that the bilateral relations would enter a new stage with the concerted efforts of the governments of the two countries. The two foreign ministers also discussed African situation and the Somali issue.

Qian Qichen said: China attaches importance to Africa. Chinese Government believes that peace and prosperity of the world is incomplete without the stability and development of Africa.

Sylla said he agreed with Qian Qichen completely. He said: It is inspiring that China attaches importance to Africa and helps Africa in its development.

Received by Madagascar President

*OW2201061794 Beijing XINHUA Domestic Service in
Chinese 0308 GMT 20 Jan 94*

[By reporter Zhou Wanxiu (0719 8001 4423)]

[Text] Antananarivo, 19 Jan (XINHUA) —Malagasy President Albert Zafy received Qian Qichen, China's State Council vice premier and foreign minister, here this afternoon.

President Zafy warmly welcomed Qian Qichen. He said: The current visit will surely further enhance the development of friendly and cooperative ties between the two countries.

Qian Qichen said: Sino-Malagasy relations have a sound foundation. The Chinese and Malagasy Governments will make joint efforts to continuously consolidate and develop the friendship between the peoples of the two countries and push forward the development of bilateral economic and technological cooperation.

Qian Qichen conveyed President Jiang Zemin's cordial regards and good wishes to President Zafy. He said: President Jiang looks forward to President Zafy's visit to China this year.

President Zafy pointed out: Madagascar and China have many points in common. The Malagasy Government highly treasures our friendly ties with China.

Touching on the situation in Africa, Qian Qichen said: The process of decolonization in Africa has taken nearly half a century. Currently, the African nations are still in a stage of exploring how to develop their own economies.

He stressed: The practice of China's construction has proven that one cannot gain success by indiscriminately copying and imitating the experiences of other countries. The important thing is to proceed from the realities of your own country, combine them with and draw from the experiences of other countries, while seeking your own path of development.

President Zafy endorsed Qian Qichen's views. He said: The African people are increasingly aware of the importance of acting independently and having the initiative in their own hands, and of relying on themselves to develop their countries. Notwithstanding that presently Africa has encountered difficulties, it has its own superiorities.

Earlier on, Malagasy speaker Andriamahazo met with Qian Qichen, and both sides exchanged views on how to further strengthen contacts between the national assemblies of the two countries.

Qian Qichen and his party left Madagascar this afternoon for a visit to Mauritius.

Meets Mauritian Foreign Minister

OW2301094994 Beijing XINHUA Domestic Service in Chinese 0634 GMT 21 Jan 94

[By reporter Zhou Wanxiu (0719 8001 4423)]

[Text] Port Louis, 20 Jan (XINHUA)—Qian Qichen, the visiting Chinese vice premier and foreign minister, met with Mauritian Foreign Minister Kasenally this afternoon.

At the meeting, Qian Qichen pointed out: Since the establishment of Sino-Mauritian diplomatic relations, exchange and cooperation between the two countries in the political, economic, and cultural areas have expanded continually. The Chinese Government has always cherished friendship with Mauritius and is ready to work together with the Mauritian Government in exploring new ways for mutually beneficial cooperation.

Kasenally believed that Qian Qichen's visit would certainly result in the deepening of mutual understanding and expansion of cooperation, especially in the economic and trade fields, between the two countries.

The two foreign ministers briefed each other on their respective country's stance on the conflict in Somalia, problems in South Africa, reform of the Security Council, and the establishment of a new international political and economic order.

Qian Qichen said: Under the new international situation, many African countries are facing aggravating difficulties and widening their gap with the developed countries. To reform the irrational economic order and help African countries shake off poverty is a pressing task facing the international community. Only when the economy of the African countries shows improvement

can the global economy grow healthily. Africa's development needs the support of the world, and Africa's participation is also essential for the development of the world.

Kasenally pointed out: The solution to problems in Somalia and other African nations will depend primarily on their peoples. He said: It is necessary to bring into play the OAU's role instead of relying on solutions imposed externally. The establishment of an international order must be participated by all small and big nations on an equal footing and must not be manipulated by one or two blocs again.

Prior to the meeting, the two foreign ministers attended a ceremony to sign an agreement on the Chinese Government's donation of general goods to Mauritius, and signed the agreement for their respective governments.

Qian Qichen and his party arrived in Mauritius on the evening of 19 January for a two-day goodwill visit to the island country in the Indian Ocean.

Interviewed on African Situation, Policy

OW2301102094 Beijing XINHUA Domestic Service in Chinese 1338 GMT 21 Jan 94

[Text] Port Louis, 21 Jan (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, departed here for Paris early this evening after successfully concluding a visit to six African nations—Ethiopia, Eritrea, Sudan, Kenya, Madagascar, and Mauritius. On the eve of his departure from Port Louis, Qian Qichen discussed the situation in Africa and China's African policy in an interview with XINHUA reporters.

Qian Qichen said: During the current African tour, he has been deeply impressed by the African people's new sense of awakening sparked by drastic changes in the international situation. Many African countries, while seeking economic development, have focused their attention on safeguarding national stability and at the same time, strengthened regional cooperation. Noting the establishment of security mechanisms by OAU and the breakthrough achieved in peace in South Africa, he pointed out that the struggle against foreign intervention and for national independence and sovereignty is making headway. In short, Africa is facing challenges as well as historic opportunities and is not without hopes, he added.

He said: Under the new situation brought about by the end of the Cold War, regions are interrelated in their endeavor for peace and various countries have become more and more interdependent on each other in economy. World peace is inseparable from Africa's stability; and an underdeveloped African economy is not conducive to the global economic prosperity. For this reason, the international community should show concern for Africa, and the developed nations are duty-bound to help the African countries. Africa needs attention, not indifference; it needs help, not intervention.

Discussing China's African policy, Qian Qichen emphasized: To strengthen unity and cooperation with the African and other developing countries is the basis of China's foreign policy. China shares much common ground with the African countries as far as the international and regional situations are concerned. China wholly respects the social system and development mode chosen by the African countries in light of their national conditions, and firmly supports the African countries' struggle to safeguard national independence and sovereignty. We support the African countries' efforts to ensure internal unity, to develop economy, and to improve the people's livelihood; and we also support the series of rational proposals by African countries for reducing and exempting debts, protecting economic interests, and strengthening South-South cooperation and South-North dialogue.

On China's economic and trade relations with African, Qian Qichen said: China's economic cooperation with the African countries symbolizes the spirit of mutual benefit and assistance and common development. He added that although China's assistance to African countries is limited, it is sincere and without any political strings attached.

He pointed out: Amidst constant changes in the international and African scenes, the friendship between China and Africa has withstood tests of history and become more solid. China will never forget Africa's profound sentiments of friendship in times of needs. He reiterated that regardless of changes in the international and African situations, China will never alter its principle of developing unity and cooperation with the African countries. We deeply believe that our friendship with Africa will definitely continue to grow and strengthen in the days and years to come; and the lasting, stable, and mutually beneficial friendship and cooperation between China and Africa will further solidify and develop.

Malawi Politician Completes 'Goodwill Visit' 24 Jan
OW2401031394 Beijing XINHUA in English 0251
GMT 24 Jan 94

[Text] Beijing, January 24 (XINHUA)—Chakufwa Chihana [name as received], chairman of the Allies for Democracy (AFORD) of Malawi, paid a goodwill visit to China from January 10 to 24 as guest of the Chinese People's Association for Friendship with Foreign Countries (CPAFFC).

During his stay in Beijing, Chihana met respectively with Wang Zhaoguo, vice-chairman of the Chinese People's Political Consultative Conference National Committee, Huan Guoying, deputy head of the International Liaison Department of the Chinese Communist Party Central Committee, Li Qizhong, vice-president of the All-China Federation of Trade Unions, and Han Xu, president of the host association.

Chihana briefed his Chinese hosts on Malawi's economy, trade, agriculture and irrigation. He expressed his hope that China would import more tobacco from Malawi, to which China promised to pay positive consideration.

Chihana also toured Chinese cities of Guangzhou, Shenzhen and Shanghai, where he visited factories, schools and rural areas.

West Europe

Continued Reportage on Qiao Shi's German Trip

Meets Federal Assembly President

HK2401135294 Beijing RENMIN RIBAO in Chinese
20 Jan 94 p 6

[Dispatch by reporters Ren Yujun (0088 3022 7486) and Liu Huaxin (0491 5478 2450): "Qiao Shi Meets With German Federal Assembly President Suessmuth"]

[Text] Bonn, 19 Jan (RENMIN RIBAO)—Chairman Qiao Shi of the Chinese National People's Congress [NPC] Standing Committee held talks with FRG Federal Assembly President Rita Suessmuth at the FRG Federal Assembly Building. The talks were conducted in a warm [re qing 3583 1906] and friendly atmosphere.

President Suessmuth warmly welcomed Chairman Qiao Shi's official friendly visit to Germany, and assessed highly the development of German-Chinese relations and the friendly cooperation between Germany and China in recent years. She said that the ties between Germany and China, especially since 1992, had been very close. Although the two countries were wide apart in distance, relations between them had been sound in the 20-odd years since the establishment of diplomatic relations. She indicated that German-Chinese relations maintained long-standing traditions, which were very important for the future too. She said that China was undergoing great economic reform, for which Germany had shown great concern. China had a population of 1.1 billion, with 50-odd nationalities. China had maintained stability and unity; that was a tremendous accomplishment not easily achieved.

Chairman Qiao Shi expressed his thanks for President Suessmuth's welcome on behalf of the FRG Federal Assembly. He said that the ties between China and Germany had a long history; such ties involved not only economic relations and trade, but also other fields, including culture and science. Since the PRC's founding, it had all along cared about developments in Germany, while paying attention to and showing concern for the reunification of the German nation. Therefore, when the new change came, we did not find it too sudden, and correctly handled the relations between China and Germany. Since diplomatic relations between China and Germany were established, their bilateral relations had enjoyed sound development, with all sorts of resistance

gradually eliminated, and the bilateral relations of friendly cooperation accumulated and developed. Over the past few years, Sino-German economic and trade relations had been sound in their development. In 1992, the trade volume between the two countries rose to some \$6 billion, and it was around \$9 billion in 1993. At the same time, exchanges and cooperation in all arenas, including culture, science, technology, and education, thrived. Of course, in the course of making progress, difficulties were inevitable; however, the two countries had done their best to overcome difficulties; consequently, bilateral relations were forging ahead. Last November, Chancellor Kohl headed a large delegation visiting China, with satisfactory successes scored; thus a new phase of Sino-German relations has begun.

Chairman Qiao Shi indicated that the relations between the NPC and the German Federal Assembly had also developed continuously. Two vice presidents of the German Federal Assembly had already visited China, in addition to some other Federal Assembly members visiting China one after another. Because of the two sides' joint efforts, President Qiao Shi believed that his current visit would be successful. He formally invited President Suessmuth to visit China at a suitable time.

Chairman Qiao Shi said that China is developing; it has a vast territory and 56 nationalities; there are many aspects that call for Germany's understanding, and there is a need for mutual understanding and exchange of information between the two countries. He said that at present China was focusing its efforts on pursuing construction, and hoped for the maintenance of a peaceful and stable world environment. At home, China hoped to maintain long-range social stability; because without stability, China's economic and cultural construction would be out of the question. In more than a century of modern Chinese history, China had not really been unified and stable, and the Chinese people had to lead lives without stability while enduring great suffering. It was precisely because of this that China was implementing a peaceful foreign policy characterized by independence, taking the initiative in its own hands, and safeguarding Asia-Pacific and world peace, while maintaining a social environment of stability and unity internally.

Chairman Qiao Shi said that in the several years when the former Soviet Union was going through the most drastic changes, China had taken the road of reform. Taking the road of reform meant that at the beginning, the influence of the USSR had been done away with, while conducting political and economic reform according to China's actual conditions. In the 15-year reform, China's economy had been improved and would continue to be improved; furthermore, the people's political status had been greatly elevated; they could freely air their views, and their minds were at ease. He said that China was a vast country, and the central government's macroeconomic regulation and control were indispensable; at the same time, it was imperative to give full play to the enthusiasm of various localities.

Those two aspects were equally important. Last year, China set forth the principle of building the socialist market economy, and the Constitution was revised at the NPC, with that point set down in the Constitution. That had great effects at home and abroad; and at the same time set arduous tasks for us. China was to set up the framework of the socialist market economy by the year 2000; in the current NPC session, China must set up the legal framework of the socialist market economy. He indicated that the tasks for economic legislation would be numerous; and there would also be legislation in education, science and technology. China was doubling its efforts to do a good job of building its legal system.

Participating in the talks were major members of Chairman Qiao Shi's entourage Cao Zhi, NPC Standing Committee secretary general; Ye Gongqi, Shanghai Municipal People's Congress Standing Committee chairman; Redi, Tibet Autonomous Regional People's Congress Standing Committee chairman; Dai Jie, NPC Standing Committee member and concurrently NPC Financial and Economic Committee vice chairman; Vice Foreign Minister Jiang Enzhu; and Chinese Ambassador to Germany Mei Zhaorong.

Further on Meeting With Kohl

OW2201163794 Beijing XINHUA Domestic Service in Chinese 0710 GMT 21 Jan 94

[By reporters Xia Zhimian (1115 3112 3094) and Feng Xiuju (7458 4423 5468)]

[Text] Bonn, 20 Jan (XINHUA)—German Chancellor Helmut Kohl met with Qiao Shi, visiting chairman of China's National People's Congress [NPC] Standing Committee, at the chancellor's office here on 20 January. Chancellor Kohl and Chairman Qiao held a conversation which lasted about an hour in a cordial, friendly, and warm atmosphere.

Kohl first expressed his warm welcome to Qiao Shi's visit and recalled his own visit to China last November. The two also met during the chancellor's visit to China.

Qiao Shi conveyed greetings to Kohl from President Jiang Zemin and Premier Li Peng. Kohl also asked Qiao Shi to convey his greetings to them.

Qiao Shi expressed great pleasures at visiting Germany in the wake of Chancellor Kohl's successful visit to China. He said that he has gained a better understanding of Germany and has learned many things through extensive contacts during the trip. He said he believed that Sino-German cooperation has produced good results and that the series of agreements signed in Beijing between the two countries during Kohl's visit to China last November will be fully implemented.

Qiao Shi stressed: In developing its relations with Germany, China focuses not only on this century but also on the 21st century. China approaches its relations with Germany from a strategic point of view.

He expressed the hope that China and Germany will develop long-term and stable friendship and cooperation over the next century based on the principles of seeking common ground while reserving differences; mutual trust, equality, and mutual benefit.

In pointing out the series of important agreements signed in Beijing last November, Kohl pledged to abide by the things that he promised. He said he believed that Germany and China share special ties and that the two countries should closely cooperate not only in the economic field but also in other areas, such as science and technology and culture. He indicated that he will work hard for this.

He pointed out: China has always supported Germany's reunification, and Germany will continue to support China's reunification as it has done in the past.

During the meeting, Qiao briefed Kohl in detail on China's reform, opening up, and economic construction, as well as on the policies and measures adopted by the Chinese Government.

Qiao Shi's wife, Yu Wen, and Cao Zhi, NPC Standing Committee secretary general, were present at the meeting.

Visits Benz Plant in Stuttgart

OW2201041394 Beijing XINHUA Domestic Service in Chinese 0753 GMT 21 Jan 94

[Beijing XINHUA Domestic Service in Chinese at 1245 GMT on 21 January transmits a service message canceling the following item and asking it be replaced with another version; differences between the two items noted below; feature by reporter Hu Xudong (5170 2485 2639): "Chairman Qiao Shi at 'Benz'; variant version reads: "Chairman Qiao Shi Visits Benz Company," replacing "at 'Benz'" with "Visits Benz Company"]

[Text] Stuttgart, 20 January—"5, 4, 3, 2...." Before "1" was announced in the countdown, a Benz car slammed into an obstacle with a loud "bang" and, meanwhile, a safety air cushion was instantly ejected out of the steering wheel inside the car while the "driver" remained safe and sound [variant version reads: ...in the countdown, a safety air cushion was instantly ejected out of the steering wheel, sending up a light smoke. This was a scene simulating a car collision in the Benz auto company....].

The Chinese subtitles reading "Welcome Your Visit to the Benz Company Safety Research Division" were shown on the wall in the hall for the collision simulation test. The visit by Qiao Shi, chairman of the PRC National People's Congress Standing Committee, and his entourage to the Benz auto company, one of Germany's most famous enterprises, reached a climax here [variant version reads: ...National People's Congress, to

the Benz auto company reached a climax here... deleting "and his entourage" and "one of Germany's most famous enterprises"].

Safety in driving a car has become the crucial point of auto research and development [variant version reads: ...research and development now... adding "now"]. It is learned that the Benz auto company is one of the earliest auto manufacturers to use safety air bags in their products.

Qiao Shi and his party arrived at Sindelfingen city near Stuttgart for a visit to the Benz headquarters at 1630 today. Accompanied by President (Lloyd) of the Benz group, Qiao Shi visited the Benz company's new car exhibition hall first. Various new Benz cars were on display in this round hall which occupies several hundred square meters. Qiao Shi listened with keen interest to a company briefing on various new models of Benz cars, and raised questions from time to time.

"Does this car have automatic gear shifting? Is it electronically controlled?"

"Yes."

"How many cylinders does it have?"

"There are four, six, and eight cylinders."

"What kind of gas does it use?"

"Super unleaded."

"How much gas does it consume per 100 km?"

"Ten to 20 liters per 100 km, depending on the number of cylinders and capacity."

Pointing at the star-shaped emblem in the front of a car, (Lloyd) said: "This is an article most liable to theft. We must produce a large number of emblems as spares every year." Qiao Shi and other visitors burst out laughing.

Standing in front of a beautiful convertible, Qiao Shi said humorously: "This is very suitable for youngsters. They like to go for a drive."

When Qiao Shi and his party came to the place where a heavy truck was on display, their host said that the Benz company had signed an agreement with China to produce this kind of truck in China. Qiao Shi enquired with concern: "What is its loading capacity?" Their host replied: "Eighteen tonnes. Plus the weight of the truck itself, it has a total capacity of 40 tonnes. However, the weight of the truck China is to produce is altered to 36 tonnes." At this point, (Lloyd) pointed at a colleague standing beside him and said jokingly: "He drives this kind of truck like a racing car, speeding at 280 km per hour on the freeway." Another burst of laughter.

Then, Qiao Shi visited an assembling shop. At last, he came to the safety research division hall for car collision simulation tests. On display in the hall were cars damaged by collisions at different angles. The responsible

person for the safety research division demonstrated a simulated car collision controlled by computer. Qiao Shi was very interested. More than once, he walked close to a damaged part to take a careful look while he was listening to a briefing. The responsible person of the safety research division said: "Indeed, Benz auto technology and safety are the best, but their prices are a little too high." Chairman Qiao Shi said: "So long as you pay further attention to technology, you can gain an upper hand in the competition all the same."

Discusses Reform With Bavarian Official

*OW2101162594 Beijing XINHUA in English 1559
GMT 21 Jan 94*

[Text] Munich, January 21 (XINHUA)—Top Chinese legislator Qiao Shi said here today that he has full confidence in China's reform.

Qiao, chairman of China's National People's Congress (NPC) Standing Committee, made the statement in talks with Wilhelm Vorndran, president of Bavaria state's parliament.

Qiao noted that 1994 is an important year for China's deepening reform, during which many important measures will be taken.

Qiao stressed, "The aim of our reform is to accelerate the building of the country's market economic system and quicken the pace for economic construction."

"We also need to strengthen cooperation with the international community, and in adopting measures for the reform we are seeking conformity with the international community," he added.

He said that tariffs readjustment will help restore China's status as a signatory party to the General Agreement on Tariffs and Trade (GATT).

Qiao told Vorndran, "We are still facing an arduous task of drawing up laws and we will initially set up a frame structure for the legal system to meet the requirements of the market economy within the five-year term of the Eighth National People's Congress."

In this regard, China should draw on the experiences of foreign countries, he added.

Qiao said he is very pleased to see the sound growth of bilateral ties, including the relationship between China and the state of Bavaria.

He expressed the hope that such relationship will not only involve economic cooperation, but also cooperation in culture, education, science and technology.

Prior to the talks, Vorndran hosted a welcoming ceremony for Qiao and his party.

Bavaria state and China have enjoyed very good ties, Vorndran said, adding that Qiao's visit will give a new impetus to such ties.

He said he is glad that China will set up a consulate-general in Munich which, he said, is an indication of the developing relations between Bavaria state and China.

Qiao noted that as early as the 1980s, Bavaria state established a partnership with Shandong Province in east China, and its cooperation with other parts of China has also been fruitful.

"It is certain that my visit to Bavaria will produce abundant results," he added.

Earlier today, Qiao and his party visited BMW Limited Company, the 11th largest industrial enterprise in Germany.

Meets Bavarian Governor 21 Jan

*OW2101225794 Beijing XINHUA in English 2124
GMT 21 Jan 94*

[Text] Munich, January 21 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, met here today with Edmund Stoiber, governor of Germany's Bavaria state.

Official sources said that during the meeting they exchanged views on issues of common concern in a sincere and candid way and the meeting proceeded in a friendly atmosphere.

Stoiber said, China is playing a more and more important role in the world economy and the state of Bavaria intends to enhance its relations with the nation.

He told Qiao that he was deeply impressed by China's rapid economic growth and is expected to visit China within this year.

China has a huge market, which is of great significance to Germany, and especially to the economic development in Asia and the rest of the world in the next century, he said.

The governor also appreciated China's unremitting efforts in seeking peace in the former Yugoslavia.

Later this afternoon, Qiao met with Dr. Heinrich von Pierer, chairman of the Siemens company. The company now has more than 20 joint or invested enterprises in China.

During German Chancellor Helmut Kohl's visit to China last November, the two countries signed a protocol on the joint construction of the Guangzhou subway project and a loan agreement.

Qiao said Siemens is a very good cooperative partner of China. The future for cooperation between the two sides is bright.

Pierer said Siemens is looking attentively at China's economic reform.

"We are full of confidence in China's future," he added.

Continues Munich Visit 22 Jan

OW2201164394 Beijing XINHUA in English 1635
GMT 22 Jan 94

[Text] Munich, January 22 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, today continued his visit to Munich, Germany.

Qiao and his party, with great interest, visited the Deutsches Museum, one of the largest natural science and technology museum in the world.

Later, Qiao visited the Munich Olympic stadium which was founded in 1906.

This evening, Qiao will watch an opera "Clown".

Ends Visit to Germany 23 Jan

OW2301153394 Beijing XINHUA in English 1512
GMT 23 Jan 94

[Text] Munich, January 23 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, left here for Switzerland this afternoon at the end of an eight-day official goodwill visit to Germany.

Upon his departure, Qiao sent a message to his German counterpart Rita Suessmuth, saying that the visit left him a deep and wonderful impression.

He said his talks with Suessmuth and meetings with other German leaders were added proof that China and Germany have extensive shared interests in the current complex and changing world situation.

To further develop bilateral cooperation of friendship is not only in the fundamental interest of the two peoples, but also beneficial to world peace and development, he said.

"I am full of confidence in the further growth of Sino-German ties," he added.

Germany was Qiao's first leg of a three-nation West European tour which also takes him to Switzerland and Austria.

XINHUA Views Qiao Shi's Germany Visit

Trip 'Successful'

OW2301062094 Beijing XINHUA in English 0556
GMT 23 Jan 94

['Roundup' by Xia Zhimian]

[Text] Bonn, January 23 (XINHUA)—China's top lawmaker Qiao Shi ended a successful eight-day official visit to Germany today, which is expected to give impetus to the development of friendly relations between the two countries.

Qiao's was the first visit to Germany by chairman of China's National People's Congress (NPC) Standing Committee, marking a major event in the history of Sino-German relations.

During his visit, Qiao held separate talks with German President Richard Von Weizsacker, Chancellor Helmut Kohl, and Federal Assembly (parliament) President Rita Suessmuth.

He told German leaders that both China and Germany are major, influential nations which have no conflict of interests between them and share common or similar views on international issues.

The economies of the two countries can be mutually complementary, and there are broad vistas for the development of friendly relations, he said.

Over the past three years relations between the two countries have developed smoothly, with an exchange of visits by foreign ministers and other senior officials.

Bilateral relations have entered a new phase of overall development since Chancellor Kohl visited China last November and signed a series of agreements on promotion of bilateral relations and cooperation.

During Kohl's stay in China, Chinese President Jiang Zemin stressed that the two countries should handle bilateral relations from a long-term point of view, not only looking to this century, but the next as well.

In Bonn, Qiao echoed Jiang's call by saying that the two sides should view and handle bilateral relations from strategic point of views.

Such positive remarks indicate that the development of Sino-German relations will gain new momentum.

Bonn was Qiao's first leg on a three-nation European tour, which will also take him to Switzerland and Austria.

'Fruitful Results' Noted

OW2301151394 Beijing XINHUA in English 1447
GMT 23 Jan 94

['Roundup: Qiao's Visit Further Enhances Sino-German Ties']

[Text] Munich, January 23 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, today ended his eight-day official goodwill visit to Germany with fruitful results.

Qiao's first trip to Germany is regarded as a major event in the history of Sino-German ties.

Sources from the NPC described the tour as "successful" and said that "anticipated results have been achieved during the visit."

The visit has promoted mutual understanding and friendship, and expanded bilateral cooperation, exchanges between the two parliaments in particular, the sources said.

The visit shows that the two sides attach great importance to further enhancing bilateral ties and have made earnest efforts to this end.

The economies of the two countries are mutually complementary. So there exists a sound basis for developing bilateral cooperation.

The situation over the past three years has demonstrated that the evaluation of bilateral ties that Qiao has made is completely correct.

Qiao said during the visit that the two sides should treat and handle their mutual relations from a strategic viewpoint.

Meanwhile, Qiao met with many German entrepreneurs, spent hours touring the Mercedes-Benz bodyshell and assembly plant in Sindelfingen, and discussed with the leaders of the Siemens Company future cooperation between the two sides.

While visiting the Sindelfingen plant, Qiao was informed about the passenger car and commercial vehicle ranges as well as the Daimler-Benz group's current projects in China.

Edzard Reuter, chairman of the Daimler-Benz AG, was confident in Sindelfingen's economic cooperation with China. "We are determined to reinforce our activity in this region and to continuously maintain and extend our relations with our partners," he noted.

Reuter said that more contracts will be concluded with China and more investments made in that country in addition to the current and planned major projects such as the production of buses, equipping the metro systems in Shanghai and Guangzhou, delivering 23 Airbus planes as well as developing and producing telecommunication satellites.

Qiao said he has full confidence in such cooperation.

East Europe

Romanian Government Delegation on Official Visit

Reform Discussed With Rong Yiren

HK1301131294 Beijing ZHONGGUO XINWEN SHE
in Chinese 0741 GMT 12 Jan 94

[By reporter Tao Guangxiong (7118 0342 7160)]

[Text] Beijing, 12 Jan (ZHONGGUO XINWEN SHE)—In light of China's national conditions and the basic requirements of the socialist market economic system, Vice President Rong Yiren said today that China will

continue to adopt the method of advancing step by step and gradual transition for the next stage of reform. While introducing any reform measure, we will fully take into account the bearing capacity of the state and the people and ensure that economic development and social stability will be promoted through reform.

Rong Yiren gave an account of China's reform and opening up while meeting today with a Romanian Government delegation led by Mircea Cosea, minister of state and chairman of the Council for Economy, Coordination, Strategy, and Reforms of Romania. Rong stated that development is the target while reform is the motive force and political and social stability serve as the guarantee. We hope to seek development through reform. When the economy has developed, the people's living standards will improve and political and social stability will be maintained, which in turn will promote reform. This is the experience China has gained through reform over the past decade or so.

Another important factor of China's economic development over the past decade is opening up, Rong explained. In a large country like China, we must rely on our own efforts. We cannot rely on foreign countries for food and clothing. Nevertheless, we must implement an open policy and develop economic exchanges with other countries, which will be conducive to China's economic development.

Sharing the same objective of China's, Cosea said, Romania is also undergoing economic development. Romania wants to develop economic exchanges and cooperation with China and hopes that China will offer assistance and support for its reform.

Cosea and his entourage came to China at the invitation of China's State Commission for Restructuring the Economy. They will leave for Guangdong, Shenzhen, and Zhuhai tomorrow to observe and explore the achievements and experience of China's reform and opening up.

Group Meets Li Tieying

OW1801055394 Beijing XINHUA in English 0530
GMT 18 Jan 94

[Text] Beijing, January 18 (XINHUA)—Li Tieying, Chinese State Councillor and minister in charge of the State Commission for Restructuring the Economy, met with a Romanian Government delegation here this morning.

The two sides had a cordial talk on topics of common interest.

The delegation, headed by Mircea Cosea, Romanian minister of state and president of the Council for Coordination, Strategy and Economic Reforms, are here on an 8-day visit at the invitation of the commission.

Romanian Minister on Visit Results

*OW1901103894 Beijing XINHUA in English 1027
GMT 19 Jan 94*

[Text] Bucharest, January 19 (XINHUA)—Romanian State Minister and Economic Reform and Strategy Cooperation Council Chairman Mircea Cosea said here today that his two-week visit to China was very successful and was of great benefit and importance to bilateral relations in the future.

Cosea made the remarks to reporters at the Bucharest airport upon his return from China.

During the visit, he said, his delegation witnessed the enormous economic achievements in China and toured the fabulously flourishing special economic zones in its part.

His delegation exchanged opinions on economic reforms with Chinese Government leaders at central and lower levels, Cosea said.

Besides mutual cooperation in the domain of economic reforms, his delegation agreed with Chinese officials that Romania and China should further advance their economic and trade relations, he said.

The Romanian Government took interest in developing economic relations with China in that China is not only an extremely important and stable partner of Romania, but also a huge market to exploit, he said.

Expressing "double satisfaction" at the outcome of his visit to China, he stressed that the new international environment and the economic reforms underway in the two countries was in no way limiting the development of their relations, but only altered the framework for cooperation.

Romania should make extensive efforts in search of means of furthering Sino-Romanian relations, he said.

He added that his delegation returned home very well prepared on certain questions and that discussions would be held with the Ministries of Trade, Industries and Finance so that specific ways could be worked out to foster closer economic and trade ties with China.

Hungarian Spokesman Urges Promotion of Ties

*LD1901211094 Budapest Kossuth Radio Network in
Hungarian 2000 GMT 19 Jan 94*

[Text] According to the Hungarian Foreign Ministry spokesman, greater attention should be paid to China in the future because the eastern Asian country is modernizing itself very quickly. After his talks in Beijing, Janos Herman said that Hungary should also benefit from opportunities arising from the development. The deputy state secretary at the Foreign Ministry added that diplomatic foundations exist for cooperation because not even the change of regime can cause a rupture in Hungarian-Chinese relations.

Political & Social**Plans To Release 'Prominent Dissidents'
'Confirmed'***HK2301044594 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 23 Jan 94 p 1*

[Text] Hopes rose last night that leading mainland dissident Wang Juntao might be one of three political prisoners China yesterday pledged to release "in the next few days".

Hong Kong-based human rights lobbyist John Kamm, speaking in Beijing yesterday, said mainland officials had confirmed their intention of freeing at least three prominent dissidents before Lunar New Year.

"I have received confirmation from the Public Security Bureau and another ministry that three prominent dissidents will be released in approximately 10 days," Mr Kamm said.

The authorities had declined to name the detainees involved, saying only that the legal process was underway and that the families would be informed in due course.

"It's possible that the Chinese are holding back on the names so that they can be announced in Paris," he said, referring to tomorrow's talks in the French capital between Chinese Foreign Minister Qian Qichen and U.S. Secretary of State Warren Christopher.

There has been widespread speculation that Wang, a leading figure in the 1989 pro-democracy movement, might be released. However, his relatives said yesterday they had received no notification from the authorities.

Wang, regarded by Beijing as a key organizer or "black hand" behind the demonstration in 1989, was sentenced to 13 years in jail in 1992.

Other leading candidates to go free could include 41-year-old "black hand" Chen Ziming, also sentenced to 13 years imprisonment in 1992, and Bao Tong, the 59-year-old former right-hand man of disgraced Communist Party General Secretary Zhao Ziyang.

Bao was jailed for seven years in 1992 for "inciting counter-revolutionary activities" and "divulging state secrets" in the run-up to the Tiananmen crackdown.

According to Mr Kamm, the authorities said they had also completed a preliminary response to a list of 235 political prisoners submitted by U.S. Assistant Secretary of State for Human Rights John Shattuck.

Of the 235 names, the authorities said they had been unable to locate 100, while confirming that 40 others had been sentenced and were currently in jail, Mr Kamm said.

About 30 more had been released, while another 30 were under investigation.

While Beijing has in the past chosen to release prisoners around Lunar New Year, which falls on February 10 this year, any announcement over the next week could have important repercussions for U.S. renewal of China's Most Favoured Nation (MFN) trading status.

Washington has made renewal of MFN status conditional on significant progress in human rights issues, and the issue will be the focus of the Qian-Christopher talks in Paris.

Dissident May Be Repatriated From Taiwan*HK2401105594 Hong Kong AFP in English 1044 GMT
24 Jan 94*

[By Lawrence Chung]

[Text] Taipei, Jan 24 (AFP)—A pro-democracy Chinese dissident who fled China after the 1989 Tiananmen massacre, now facing repatriation to the mainland, called on Beijing Monday to stop persecuting his relatives and friends.

"Because of my involvement in the pro-democracy campaign almost five years ago, I was branded a rebel, and my relatives and friends were spied on and purged," Yin Chin, a former journalist, said. "I sincerely hope that China can spare my old mother, my wife, my daughter and my friends," he added.

Yin, 36, previously a reporter for the Taiyuan Daily News in China's Shanxi province, and bureau chief of the Shanxi Economic Daily, sneaked into Taiwan in July 1993. He was put into a detention home for five months before being transferred to a small hostel run by the Free China Relief Association, a group dealing with asylum-seekers from China, and is now waiting for a foreign government to give him political asylum. The dissident could be repatriated if no foreign government agrees to take him before the end of this year.

Yin told AFP he had been persecuted since June 4, 1989, when hundreds of Chinese dissidents were violently crushed by the Chinese military in Tiananmen Square in Beijing. "I was arrested shortly after the incident and put behind bars for three years. After I was released, nobody dared to hire me for work. In the end I became a street vendor," Yin said.

Yin was arrested in September, 1989 for making speeches critical of the Chinese government, including attacking the lack of press freedom and democracy in China, and joining public protests. He was released in 1992. "I couldn't find any job. I was seriously beaten in jail by the wardens and my (right) leg was broken," he said, adding that friends later helped him escape to Hong Kong in late 1992 to apply for political asylum. But the Hong Kong government refused to give him amnesty, and sent him back to China, he said, calling the action "inhuman."

He said his experience was a typical of hundreds of smaller figures in the short-lived pro-democracy movement in China. "Many of these people had been turned down by foreign governments when they asked for political asylum. A number of them hid in the border area of Burma and Thailand, fleeing communist pursuit and avoiding arrest by Thai or Burmese police," he said.

"The Taiwan government does not want to take me either. I sneaked into Taiwan last year along with a group of stowaways, but was immediately arrested by the coast guard," Yin said. "They did not believe I was one of the pro-democracy figures, calling me a liar, a beggar....I was beaten and my leg was broken again," he said. He said Taiwan's Mainland Affairs Council (MAC) later learned of his case and arranged for him to stay at the hostel where he was given better treatment.

Jackson Chen, an MAC section chief in charge of international affairs, told AFP the hostel now housed five Chinese dissidents, including Yin. "They are applying through local and international human rights groups for foreign shelters," he said, but added if no foreign governments took them within a year, they would be repatriated back to China.

He said under Taiwan law, any mainland Chinese sneaking into Taiwan was subject to repatriation. "The government here has made special consideration for their cases and allows them to stay here for one year before repatriation," he said.

Hsu Pei-tzu, secretary-general of the Taipei-based Chinese Association for Human Rights, said his group was doing all it could to help Yin and other dissidents find foreign shelters.

Authorities Reportedly 'Tighten' Grip on Cinema
HK2401104894 Hong Kong AFP in English 1011 GMT 24 Jan 94

[Text] Beijing, Jan 24 (AFP)—China this year will tighten political and financial controls on movie production, China Culture News said in its latest edition received here Monday. The government will cut back the number of co-productions with foreign firms, ban the creation of joint ventures as well as independent Chinese productions, the official publication of the Ministry of Culture said.

The Chinese press on Monday had still failed to report a breakthrough by a Chinese film in the United States—the winning of a Golden Globe Award in Los Angeles on Saturday by "Farewell My Concubine," by director Chen Kaige.

The film, partly financed by Taiwanese capital, received the Golden Palm award at last year's Cannes festival. But, under China's censorship laws, it was only screened rarely in China and often in a truncated version.

"Last year, certain Chinese films were produced with (the participation of) Hong Kong and Taiwanese firms

which did not respect the rules," China Culture News reported. "These films do not allow the Chinese cinema to occupy the place it deserves on the national market," it said.

"This year, we will reduce cooperation abroad and limit the number of co-produced films to 26. And we shall ban the creation of joint ventures for the production and distribution of films."

The move comes after two years of relative independence for Chinese studios, whose management has gained some financial autonomy. The liberalisation has fuelled co-productions with foreign companies and also weakened the government's scrutiny over content. These developments have helped young, ambitious directors to bring their works to the screen but have also drawn the wrath of the authorities, who have reacted by censoring the movie or hampering its distribution or filming.

The government has set a production quota this year of 150 films for Chinese studios, of which 60 percent must be works of contemporary fiction. "The conditions for lifting the restraints are not yet right," the ministry of film and radio-television, quoted by the China Culture News, said.

"The ministry will give production authorisation to 16 state studios, no others," it said.

Jiang Zemin To Address National Propaganda Meeting

HK2401024894 Hong Kong WEN WEI PO in Chinese 24 Jan 94 p 2

[By staff reporter Chen Chien-ping (7115 1696 1627): "Jiang Zemin Will Address National Propaganda Meeting"]

[Text] Beijing, 23 Jan (WEN WEI PO)—The national propaganda work conference will open tomorrow in Beijing and will last for five days. According to the decision of the top CPC leadership, the meeting will mainly consider and arrange the work of the mass media, including newspapers and journals, cultural work, broadcast and television affairs, publishing affairs, and overseas propaganda, through further emancipating the minds in the course of establishing the socialist market economy.

According to sources, this will be the second propaganda work conference that has been undertaken on such a grand scale and at such a high level since the founding of the PRC. The previous national propaganda work conference was held in 1957. CPC General Secretary Jiang Zemin will give a speech at the meeting. During the national propaganda work conference, the XINHUA NEWS AGENCY, journalist and publishing institutions, radio and television system, institutions in charge of cultural affairs, and the overseas propaganda department will also separately hold their own meetings at the same time.

The central leadership fully affirmed the orientation of opinion in the recent period and said that it was necessary to continue to carry out the principle of unity, stability, and encouragement, to maintain continuity in propaganda work, and to stress the key points in various periods under the new situation of building the socialist market economy. This so-called continuity refers to the point that the propaganda work as a whole should be conducted around the main theme of Deng Xiaoping's theory on building socialism with Chinese characteristics. At the same time, an emphasis should be placed on specific key points in various periods.

Deng Calls For Maintaining 'Spiritual Purity'

HK2201045694 Hong Kong SOUTH CHINA MORNING POST in English 22 Jan 94 p 9

[By Daniel Kwan]

[Text] Patriotism is a cornerstone of China's nation building, and it also means complete devotion to the Communist Party, said patriarch Deng Xiaoping. The remarks by the 89-year-old senior leader were published in a commentary by the People's Daily under the headline of "Three Major Questions Concerning the Building of Spiritual Civilization in a Market Economy". The leader said that China's goal of "common prosperity" would be doomed to failure if the ruling party failed in maintaining the "spiritual purity" of its people and combatting negative influence from the capitalist world.

The article says that according to the senior leader ideological and cultural progress is designed to train a new generation of people to have lofty ideals, moral integrity, a good education and a high sense of discipline.

The newspaper also maintained that a patriot must be loyal to the Chinese Government led by the Communist Party. "Some people say that patriotism does not mean love for the Communist Party," the article says. "But Comrade Xiaoping rejected that and asked if motherland was an abstract concept. If a person does not love the socialist New China under the leadership of the Chinese Communist Party, what else can he love?" Mr Deng was quoted as asking.

In his view, the promotion of patriotism is essential to enhancing national self-esteem and self-confidence in the current reform and opening of the country to the rest of the world.

The article quoted the senior leader as attacking artists who have become increasingly "commercialised" and lost in the pursuit of personal wealth. "Ideological and cultural departments must produce more spiritual fruits for the people and resolutely stop the production, import and circulation of poor quality products," Mr Deng said.

Although the patriarch retired from all official posts in 1991, Mr Deng is still regarded as the final decision maker in national politics.

Hu Jintao Speaks at Party Member Education Meeting

OW2401120294 Beijing XINHUA Domestic Service in Chinese 1233 GMT 23 Jan 94

[Text] Beijing, Jan 23 (XINHUA)—Hu Jintao, Standing Committee member of the Political Bureau and member of the Secretariat of the CPC Central Committee, gave an important speech at the National Conference on Education of Party Members this morning. He pointed out: The new situation and tasks urgently ask us to further strengthen and improve education of party members and raise the standards of the ranks in an all-around way. Arming the vast numbers of party members with the theory of building socialism with Chinese characteristics constitutes the most important improvement in party members' education in the new period. Successfully carrying out this task will most effectively strengthen party member's education, push forward party building in the ideological sphere and in all other areas, and provide a stronger guarantee to the success of our socialist modernization.

Wei Jianxing, member of the CPC Central Committee Political Bureau and Secretariat and secretary of the Central Discipline Inspection Commission, attended the conference.

Hu Jintao said: In the course of leading us to blaze the path of building socialism with Chinese characteristics and begin a new undertaking, particularly in critical junctures, Comrade Deng Xiaoping has time and again stressed the need to build our party well. His thought on building the party in power in the new period has greatly enriched and developed theories on party building in Marxism-Leninism-Mao Zedong Thought. We must earnestly learn and grasp his series of new viewpoints, theses, and inventions to guide party building in practice. After enumerating Comrade Deng Xiaoping's expositions on strengthening the party's ideological building, improving party members' education, and raising their standards, Hu Jintao urged comrades involved in party building and party members' education to systematically study Comrade Xiaoping's related thoughts in his works, profoundly grasp their essence, integrate them with the practice of conducting party education in previous years, earnestly summarize the experience and lessons, further raise their work standards, and more successfully carry out their tasks in the future.

Hu Jintao stressed: In conducting party members' education, we must regard arming the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a fundamental task and use it to help accomplish other education tasks. He pointed out: Arming the entire party with the theory of building socialism with Chinese characteristics is a fundamental way to strengthen and improve party building and raise party members' standards in an all-around way. It has a bearing on whether the party's basic theory and line will remain unchanged for 100 years and on the future and destiny of our party, state, and nation. Party

organizations at all levels must work hard to carry out this great ideological construction project vital to our fundamental interests. At present, we must organize party members and cadres to study the third volume of the "Selected Works of Deng Xiaoping" in conjunction with the study and implementation of the decisions of the Third Plenary Session of the 14th CPC Central Committee and direct them to use the theory of building socialism with Chinese characteristics to guide the practice of reform—accelerating the building of a socialist market economy—and seek tangible results on three issues: 1) strengthen the determination and consciousness in building a socialist market economic structure and developing a socialist market economy, further unify our minds based on the guidelines of the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee, and firmly implement the various policy decisions made by the central authorities to promote reform; 2) work hard to acquire knowledge about developing a socialist market economy, constantly seek to improve the ability to operate a socialist market economy, and approach problems with new ideas compatible with the requirements of building the new economic structure, and try to adapt as soon as possible our work methods to the process and measures for in-depth reform; 3) consciously step up tempering our party spirit in the course of developing a socialist market economy, study and work hard to build the new economic structure, correctly approach the adjustment of certain interests necessary to deepening reform, correctly handle the relationship between the overall and partial interests and between the collective and the individual, uphold the party's ideals and faith, and maintain correct values, integrity, and self-discipline to stand the new test in the new period.

Hu Jintao said: Over the past several decades, our party has accumulated a wealth of experience and developed a number of good forms and methods in the education of party members, which we undoubtedly should uphold. Meanwhile, we should also note that with the in-depth development of reform and opening up, the environment and conditions in which party members are today are quite different from those in which they used to be. In such circumstances, it is not inadequate to only use the past methods to educate party members; we must improve such methods and concentrate our efforts on the education of party members to achieve actual results. He pointed out: First, we should link the education of party members closely to the implementation of the party's basic line and resolutely make it serve the purposes of reform, development, and stability; second, we should effectively use the theoretical weapon, have a definite object in mind, enhance the purposefulness, persuasion, and appealing of education for party members; third, we should link strengthening education and settling ideological questions with showing concern for party members and solving practical problems for them; fourth, we should combine strengthening the education of party members with the improvement of management and the enforcement of party discipline; and fifth, we

should strengthen the building of primary party organizations while stepping up the education and management of party members.

Hu Jintao said in his speech: Party organizations at all levels are required to pay close attention to recruiting party members from among people, especially from among young people, working at the frontlines in production, scientific research, and other work. He pointed out: The cause of building socialism with Chinese characteristics is a cause led by our party with the ultimate lofty aim of realization of communism, a cause of never ceasing to break new ground in our march into the future. This requires unremitting efforts by generation after generation of Chinese communists, and it is also necessary for us to continuously inject new blood into the body of the party. The replacement of new party members for old ones, like the replacement of new cadres for old ones, is an organizational guarantee for unswervingly upholding the party's basic line for a hundred years and a prerequisite for ensuring that there is no lack of successors to carry on the party's cause and that the party's cause will thrive. Proceeding from reality, party organizations at various levels should analyze new conditions for recruiting party members and seek ways and methods to solve new problems. In recruiting party members, it is essential to uphold the criteria for party members as stipulated in the party constitution and to ensure that new party members are qualified.

Hu Jintao hoped that party committees at various levels would take the lead in implementing the principle of "the party handling party affairs" and strengthen and improve their leadership over the education of party members. They should improve their leadership methods, change their work styles, and strengthen their macro-guidance and specific supervision and inspection; they should step up investigation and study and conscientiously analyze the new changes brought about through the establishment of a socialist market economy in the values, thinking, feelings, and mentality of party members; they should often sum up and popularize effective methods developed by basic-level party organizations in the education of party members; and they should accumulate experiences in practice and gradually grasp the laws of educating party members in the new situation to perform this work efficiently.

Lu Feng, director of the party Central Committee Organization Department, chaired today's meeting. Leaders of the Central Discipline Inspection Commission and relevant departments under the party Central Committee attended the meeting, including Hou Zongbin, Song Defu, Zhao Zongnai, Xu Weicheng, Wang Jialiu, and Chen Fujin. Also present at today's meeting were party committee secretaries of various departments under the party Central Committee and the State Council.

Li Ruihuan Discusses Integrating Theory With Practice*OW2201164094 Beijing XINHUA in English 1535
GMT 22 Jan 94*

[Text] Beijing, January 22 (XINHUA)—Chinese leader Li Ruihuan said here today it is necessary to integrate theory with practice, pay attention to investigating into new problems and sum up new experience in studying the theory of building socialism with Chinese characteristics.

Li, who is a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and chairman of the National Committee of the Chinese People's Political Consultative Conference, made these remarks at a ceremony this afternoon to mark the completion of a theoretical course attended by leading members of some non-communist parties and All-China Federation of Industry and Commerce as well as some personages without any party affiliation.

Noting that building socialism with Chinese characteristics has become the most important common ground of the Chinese people, Li said that only by recognizing and adhering to the common ground can the united front have its soul and keep consolidating and expanding.

He acknowledged that Deng Xiaoping's exposition on the united front during the new period is an important component part of the theory on building socialism with Chinese characteristics and it is significance to guiding the Communist Party to do still better the work concerning the united front in the new period.

Li stressed that to study the theory of building socialism with Chinese characteristics is aimed at grasping the powerful weapon to solve the real problems that crop up in reform, opening up and modernization drive.

He said that to study the new situation and sum up new experience under the guidance of the theory is needed by the present work and also constitutes an important way of applying the theory to reality.

At present, Li said, the Chinese people is working hard to establish a socialist market economy, which is a big system engineering project. During the process, he added, it is essential to delve into the emerging problems and promptly sum up the experience under the guidance of the theory of building socialism with Chinese characteristics.

The ceremony was presided over by Hu Jintao, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and president of the Central Party School. Leading members of the country's non-communist parties and some personages without party affiliation were present at the ceremony.

Yang Shangkun Praises Shenzhen's Achievements*HK2401072294 Guangzhou NANFANG RIBAO in
Chinese 23 Jan 94 pp 1, 2*

[By Xing Zhimin (1630 2535 2404): "Comrade Yang Shangkun Inspects Shenzhen"]

[Text] Former state president Yang Shangkun recently inspected Shenzhen.

On the afternoon of 20 January, when strong icy winds were blowing on a very cold day, Comrade Yang Shangkun came to the city government building. He wore a gray overcoat and walked with firm steps. He smiled and shook hands with people in the welcome crowd one by one and then talked cordially with the Shenzhen City leaders.

Comrade Yang Shangkun said: I have special feelings toward Shenzhen. When Comrade Xi Zhongxun and I worked in the Guangdong Provincial CPC Committee, the central authorities decided to adopt special policies in Guangdong. In particular, after the establishment of the special economic zones, they played a great role in leading and promoting reform and opening up. I have visited the special zones often since then. In general, I found that there were changes every year in Shenzhen. Last year, from the Shenzhen Airport to Zhuhai via Shekou, I saw large stretches of empty land along the roadside, but, this year, new buildings have cropped up there, and the road has also been improved. I am really glad to see all this.

Making a gesture, he said: The city party committee has just held a meeting to decide the principles and policies for future development, and this is very good. Yesterday, I read an interview with Comrade Liu Tianfu in SHENZHEN TEQU BAO. He hoped that Shenzhen would make further progress. This is also the common hope of all of us old comrades. This year, the state will adopt many major reform measures and the pace of reform will be quickened, meaning that the tasks will be pressing and will cover a broad scope. Efforts should be made to deal with new issues and overcome new difficulties. New experience should be summed up. Reform, opening, and economic construction in the special economic zones should be carried out positively and prudently. Last year, Shenzhen experienced fires and floods, but you nevertheless have made great achievements in your work. Comrades, you should make greater efforts this year, continue to carry forward the spirit of hard struggle, and do a better job than last year.

Comrade Yang Shangkun particularly appreciated the appearance of a large number of competent young cadres in Shenzhen. He said that he had come into contact with some cadres in Shenzhen, including some entrepreneurs. They are all quite young—some are just in their thirties. This shows that our cause has no lack of successors and is full of bright hopes.

Li Youwei said: Two years ago today, Comrade Deng Xiaoping was inspecting Shenzhen and made some important speeches. At that time, Comrade Yang Shangkun was also in Shenzhen to help promote our country's further reform and opening. Today, after an interval of two years, Comrade Yang Shangkun has once again inspected Shenzhen. This gave great encouragement and support to the special economic zone. He said that the people in Shenzhen would never let down the proletarian revolutionaries of the old generation and would certainly build the special economic zone into a more beautiful place.

Li Youwei extended a new year greeting to Comrade Yang Shangkun on behalf of the entire people in Shenzhen and wished him good health.

On the morning of 21 January, Wang Zhongfu and other principal city leaders once again reported their work to Comrade Yang Shangkun.

Comrade Yang Shangkun arrived in Shenzhen by special plane from Beijing on the morning of 8 January. Huang Huahua, Fu Rui, and Li Youwei met him at the airport.

On the morning of 12 January, accompanied by Wang Zhongfu, Comrade Yang Shangkun, full of zest, visited the wild animal zoo in Shenzhen. That afternoon, Xie Fei, secretary of the Guangdong Provincial CPC Committee, particularly came to see Comrade Yang Shangkun. On the morning of 16 January, accompanied by Yuan Geng, Comrade Yang Shangkun inspected Shekou. On the morning of 17 January, accompanied by Li Youwei and Li Po, Comrade Yang Shangkun, full of zest, visited Shenzhen's Golf Club.

In Shenzhen, Comrade Yang Shangkun also paid special attention to the development of the high-tech industries. On the morning of 19 January, accompanied by Huang Liman, he inspected two high-tech companies, Anke and Huawei, and expressed satisfaction with the remarkable achievements and technological breakthroughs made by these two companies in the fields of sophisticated medical equipment and programmable digital telephone exchanges. In Anke, Comrade Yang Shangkun wrote: "Developing high technology, promoting the new development of the national economy." On the morning of 20 January, being accompanied by Yang Guanghui, he inspected the Kaifa Science and Technology Company. There, he inquired about the details of the production process and encouraged the company to make new progress in the new year.

Yesterday, Comrade Yang Shangkun finished his inspection and left Shenzhen.

Urges 'Active, Prudent' Reform

HK2401062594 Hong Kong TA KUNG PAO in Chinese
24 Jan 94 p 1

["Special dispatch" from Shenzhen: "Yang Shangkun Ends His Inspection Tour in Shenzhen and Urges the Active and Prudent Promotion of Reform"]

[Text] Shenzhen, 23 Jan (TA KUNG PAO)—Former State President Yang Shangkun arrived in Shenzhen from Beijing by special plane on the morning of 8 January. He left Shenzhen yesterday, 22 January, after a half-month inspection tour here.

Two years ago, from 20 to 22 January, Yang Shangkun, then state president, made an inspection tour in the same city. During that visit, he toured Xianhu Botanical Garden on the western slope of the Wutong Shan in the northeastern outskirts of Shenzhen on 22 January with Deng Xiaoping, who at that time happened to be in Shenzhen on his south China tour. The two visitors planted two banyans at the botanical garden before they left. At that time, many Hong Kong reporters came to Shenzhen from the other side of the border to cover their inspection tour here. Deng Xiaoping made some remarks in Shenzhen during that visit. He said that "it is necessary to blaze new trails" and "to speed up the pace a little bit," and that "China will have no way out but to carry on with reform." Later on, these remarks initiated a great tide of deepening reform and expanding opening-up nationwide. The two banyans that Deng Xiaoping and Yang Shangkun planted at the Xianhu Botanical Garden have attracted more than 1.3 million visitors over the past two years, many of whom have pictures taken beside the trees.

The timing of Yang Shangkun's revisit to Shenzhen has aroused much speculation that Deng Xiaoping may do the same. Furthermore, at this moment the mass media in Shenzhen by and large are publishing pictures and reminiscences of Deng Xiaoping's last visit to Shenzhen. The huge painting of Deng Xiaoping erected at Lizhi Park is now being repainted, and this has drawn even more concern from the public.

Yang Shangkun's arrival in Shenzhen on 8 January was not covered by the local press. The mass media have not reported on Yang Shangkun's activities in the city until today: On the morning of 12 January, he toured the Shenzhen Wildlife Zoo in the company of Wang Zhongfu and then met with Guangdong Provincial Party Committee Secretary Xie Fei that afternoon. On the morning of 16 January, he had an inspection tour of Shekou in the company of Yuan Geng, and on the morning of 17 January, he visited the Shenzhen Golf Club in the company of Li Youwei and Li Hao. On the morning of 19 January, he visited two high-tech companies—Anke and Huawei—in the company of Huang Liman and, on the morning of 20 January, he visited the Kaifa Science and Technology Company accompanied by Yang Guanghui. On the afternoon of 20 January, he joined the officials in charge of Shenzhen city in a forum held at the Shenzhen City Government Complex. On the morning of 21 January, he heard another briefing on government work by Wang Zhongfu, the principal official in charge of Shenzhen city, and then wound up his inspection tour and left Shenzhen on 22 January.

This time, Yang Shangkun had a fairly long stay in Shenzhen and visited quite a few places. He told Shenzhen's leading officials that he had special feelings for the city. At the time when the central authorities decided to introduce a special policy into Guangdong, he was working with the Guangdong Provincial Party Committee. From that time on, he visited the special economic zone [SEZ] from time to time. His general impression is that Shenzhen has changed every year, and the city has undergone still greater changes this year. He hoped that Shenzhen will make more progress. This year, the state has introduced many major reform measures which call for rapid progress to be achieved within a short time and which cover a wide range of fields. One will need to study new issues, overcome new difficulties, sum up new experiences, and actively and prudently push ahead reform, opening up, and economic construction in the SEZ.

Shenzhen City Mayor Li Youwei thanked Yang Shangkun for his concern and support for the Shenzhen SEZ. Li said that the Shenzhen people will live up to the high hopes of the revolutionaries of the older generation and build the Shenzhen SEZ into a still better city.

Li Lanqing Visits Beijing Development Zone

*OW2001143394 Beijing XINHUA in English 1227
GMT 20 Jan 94*

[Text] Beijing, January 20 (XINHUA)—Vice-Premier Li Lanqing said recently that industrialization of new and high technology will not only produce better economic results and social efficiency at present, but also lay a solid foundation for economic development in the future.

In his recent visit to the Beijing New Technology Development and Experiment Zone, he said that the zone is a far-sighted project. He added that, in the initial stage of its development, the zone has made remarkable progress.

He said that in the past four decades, a great number of technological achievements turned out in the educational and scientific fields have failed to find practical application.

He said that the industrialization of high technology is one of the effective ways for turning technology into production force.

He said that the experiment zone should enhance the training of personnel in the sectors of international trade, finance, law and accounting.

He noted that the talents in the above sectors are now badly needed for the establishment of a socialist market economic structure in the country.

He urged the Chinese inventors to timely apply for patent rights at home and abroad so as to strengthen their competitive strength in making use of scientific and technological achievements.

Located in the Zhongguancun district, the experiment zone was China's first new and high technology development park.

Over the past five years, 112 high-technology enterprises in the zone have achieved an annual income exceeding 10 million yuan each.

Last year, the total income of the zone exceeded more than 10 billion yuan.

Zou Jiahua Addresses Symposium on Bohai Area

*OW2001145594 Beijing XINHUA in English 1434
GMT 20 Jan 94*

[Text] Shijiazhuang, January 20 (XINHUA)—Chinese Vice-Premier Zou Jiahua has urged provinces and municipalities in the coastal area of the Bohai Sea in north China, and relevant departments, to liaise with one another to promote the economic development of the area.

Zou made the remarks at a symposium on economic planning of the coastal area of the Bohai Sea, which was held in Tangshan city of Hebei Province from January 17 to 19.

This was the country's fourth symposium on regional economic planning. In 1992 and 1993, symposiums on economic planning of the region covering southwest China and part of south China, the Chang Jiang river delta and the riparian region and the northwest-China region were held.

Vice-Premier Zou pointed out that as a focal point of the northeast Asian economic sphere and an outlet of north China, northeast China and northwest China towards the Pacific Ocean, the region around the Bohai Sea has many advantages.

He said that the region ranks first in research forces. The number of higher education establishments and research and technical personnel in the region accounts for one third of the national total.

Besides, the output of coal, crude oil and iron and steel of the region all account for 40 percent of the national total respectively. The region is both China's political and economic center. To accelerate the economic development of the region has a strategic significance for the development of the national economy.

Zou listed the following focal points of the program for the development of the region:

- To build a network of telecommunications covering all parts of China, with Beijing as the center, and a network of communications concentrating on transport of coal and commodities for export;
- To cooperate to open up more natural resources in the region and develop the industry of raw materials;

- To establish a unified regional and open market to make better use of natural resources;
- To make efforts to solve the problem of water shortages in the region through quickening construction of the projects aimed at diverting water from the southern part of the country to the region;
- To support poor people in the rural area and help industrial enterprises to make up for deficits and increase profits so as to allow the region's economy to develop in a sustained, quick and healthy way.

Participating in the symposium were representatives from the provinces of Hebei, Liaoning, Shandong and Shanxi, as well as the municipalities of Beijing and Tianjin. Officials from the ministries of railways, communications, power, coal, metallurgy, chemicals and agriculture also attended the symposium.

Zou Jiahua in Hebei; Stresses Technical Upgrading

OW2101085894 Beijing XINHUA in English 0755 GMT 21 Jan 94

[Text] Shijiazhuang, January 21 (XINHUA)—Chinese Vice-Premier Zou Jiahua urged industrial enterprises to keep up with the development of new technologies at home and abroad and improve their technical standards.

Zou made the remark during an investigation tour of Tangshan City in north China's Hebei Province from January 16 to 20.

Accompanied by local leaders, Zou visited Jingtang Harbor, the harbor development zone, the Tangshan Iron and Steel Company, the Douhe power plant and the Jidong cement plant.

While visiting the expansion project of the Tangshan Iron and Steel Company, Zou said the development of an enterprise must be based on technical progress.

"Technical upgrading should be carried out every year, especially from the aspect of using new technologies and developing new products," Zou said.

He pointed out that the worth of an enterprise should be decided not by its output merely, but by its efficiency and technical level.

Li Peng Greeted Unveiling of Deng Yingchao Bust

OW2001114294 Beijing XINHUA in English 0833 GMT 20 Jan 94

[Text] January 20 (XINHUA)—A bronze bust of Deng Yingchao, an outstanding Chinese leader and wife of late Premier Zhou Enlai, was unveiled today at the Beijing No. 1 Experiment School.

Deng, who died on July 11, 1992, was elected chairwoman of the sixth National Committee of the Chinese People's Political Consultative Conference (1983-88)

and vice-chairman of the Chinese National People's Congress Standing Committee.

The bust is 65 centimeters in height and width with a 170-centimeter-high base. On the front is Deng's handwritten inscription, reading "Reconstructing Beijing No. 1 Experiment School."

Chinese Premier Li Peng telephoned the school today to express his congratulations.

He said he hopes the faculty and students carry on the spirit of the older generation of revolutionaries to improve their work.

Deng Yingchao served as a teacher at the school in 1920-21. After the founding of New China in 1949, she visited the school four times.

Peng Zhen Elected Yanan Society Honorary President

OW2101024294 Beijing XINHUA Domestic Service in Chinese 0640 GMT 20 Jan 94

[By reporter Liu Siyang (0491 1835 2254)]

[Excerpt] Beijing, 20 Jan (XINHUA)—The China Society for the Study of the Yanan Spirit, which is aimed at studying, propagating, and promoting the Yanan spirit, held its second plenary session today. The meeting elected Peng Zhen as the society's honorary president. [passage omitted]

Daily Praises Jiangxi Anticorruption Effort

HK2001150594 Beijing RENMIN RIBAO in Chinese 18 Jan 94 p 3

["Dispatch" by reporter Yu Qingchu (0151 3237 5710): "Over 1,900 Party Members and Cadres in Jiangxi Have Been Punished for Corruption"]

[Text] Jiangxi Province has made breakthroughs in promoting the building of a clean and honest administration and its economic construction through the handling of major and important cases of corruption by relying on the broad ranks of cadres and the broad masses. So far, the discipline inspection, supervision, and procuratorial organs throughout the province have filed 2,648 cases, have punished 1,962 party members and cadres, and have handled a whole series of major and important cases. Direct financial losses to the state of over 20 million yuan were prevented.

Since last August, the authorities in Jiangxi Province have continuously strengthened the anticorruption operation; have reinforced the organization and system for enforcing discipline, enforcing the law, and handling cases; have reannounced a batch of complaint hotlines; and have set up complaint boxes in downtown areas and at major communication hubs. These measures have aroused the masses' enthusiasm for reporting offenses. The provincial discipline inspection, supervision, and

procuratorial organs alone have received approximately 10,000 petition letters and verbal complaints.

The authorities in Jiangxi Province have consistently conducted the anticorruption campaign by focusing on the conduct of leading cadres first and giving priority to precautionary education and prevention. A group of party members and cadres have been educated and redeemed through self-examination and self-correction. The phenomenon of leaders attending to the anticorruption operation in person, leaders becoming the object of the anticorruption operation, and leaders taking the lead in self-examination, self-correction, and showing self-discipline and honesty in performing official duties prevailed throughout the province. Leading cadres ranking at and above the level of county head or provincial department head all checked their own conduct and strictly disciplined themselves by attending criticism and self-criticism meetings and filling out checklists in accordance with the five stipulations laid down by the Central Committee and the seven requirements raised by the provincial party committee. So far, 1,223 cadres have returned or handed in gift money and valuable securities which they received through official activities and 534 have resigned from their part-time positions in various kinds of economic entities.

Seeking breakthroughs in promoting the building of a clean and honest administration by handling major and important cases of corruption is a distinctive hallmark of Jiangxi's anticorruption operation. The provincial discipline inspection and supervision organs have handled 17 cadres ranking at and above the level of county head, and the provincial procuratorial organs have handled 488 major cases and 42 important ones.

Discipline Organ Issues Circular on Hebei Official

OW2001134394 Beijing XINHUA Domestic Service in Chinese 0427 GMT 5 Jan 94

[Excerpts] Beijing, 5 Jan (XINHUA)—The CPC Central Committee Discipline Inspection Commission issued a circular on 30 December 1993 transmitting a notice from the Hebei Provincial CPC Committee Discipline Inspection Commission concerning mistakes made by Liu Qingfang, former secretary of the Lingshou County party committee. The circular urges all localities and departments, in conjunction with the current anticorruption drive, to use the case of Liu Qingfang's expulsion from the party on account of his mistakes in accepting gift money and using it for his mother's ostentatious funeral, to conduct education in party style and discipline among the large numbers of party members and cadres, and to enhance their party spirit and awareness, and their sense of organizational discipline, integrity, and self-discipline.

The circular says: The expulsion of Liu Qingfang, a leading county cadre, from the party for serious violation of discipline, has once again admonished us that: 1) Communist party members, and leading cadres at all

levels in particular, must constantly temper their party spirit, adhere to the proletarian outlook on life and sense of value, constantly bear in mind the party's objective of serving the people wholeheartedly, be strict with themselves, and honestly perform their duties. Only by doing so can they stand the tests of governing, reform, and opening up; and forever retain political integrity. 2) The party's leading cadres at all levels must set an example in maintaining integrity and self-discipline. The case of Liu Qingfang and other cases of violation of law and discipline show that failure in self-discipline often leads to corruption. Corruption, if unchecked, not only harms the culprits themselves but also corrupts the party and blemishes its image. It will also bring calamity to the country and the people, and sow the seeds of trouble in the future if it is allowed to spread. Therefore, leading cadres must take the lead in maintaining integrity and self-discipline and guard against becoming greedy, abusing power, trading power for money, and using their position for personal gain. This is an essential requirement and important safeguard in consolidating the party's ruling status, developing the economy, promoting reform, and building socialism with Chinese characteristics. Party organizations and leading cadres at all levels must be clearly aware of this. 3) Leading cadres must earnestly practice what they advocate, and they must promote new social ethics. Our party has time and again stressed that socialism with Chinese characteristics incorporates both material and spiritual civilizations. An important responsibility of all leading cadres is to work hard to build socialist spiritual civilization; foster new social ethics; break away from corrupt customs; and firmly resist the inroads of capitalist and feudal ideas in the course of promoting economic construction. In the new situation of reform and opening up and vigorous development of a socialist market economy, the vast numbers of party members and cadres should not only maintain integrity and self-discipline but should also take the lead in promoting healthy practices and eliminating evil practices. They should correctly guide and lead the broad masses in fostering new social ethics and improving local atmosphere to create a favorable social environment for reform, opening, and economic construction.

The CPC Central Committee Discipline Inspection Commission transmitted the notice issued by the Hebei provincial party committee Discipline Inspection Commission on the mistakes made by the former Lingshou County secretary, Liu Qingfang. [passage omitted]

The notice issued by the Hebei provincial party committee discipline inspection commission points out: As a leading party cadre, Liu Qingfang should have observed party discipline and maintained integrity in an exemplary way. Instead, to hold a funeral ceremony for his mother in an extravagant way, he accepted gifts of large amounts of money, used his position to take bribes, and infringed on the economic interests of the state and collective. His acts seriously violated party discipline and created a very bad influence among the masses. In

light of this, the Hebei provincial party committee has decided to expel him from the party.

Procurator General on Bribery, Corruption

HK2301064794 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0929 GMT 21 Jan 94

[Text] Beijing, 21 Jan (ZHONGGUO TONGXUN SHE)—Zhang Siqing, procurator general of the Supreme People's Procuratorate, recently revealed that in mainland China most of the criminal offenders involved in corruption cases are those who are in charge of affairs related to money, while most who receive bribes are those who hold the power of disposing human, financial, and material resources, in particular those who have direct access to certain specific powers.

Zhang Siqing said criminal cases nowadays involve increasingly large amounts of money, and the number of major and extraordinarily serious cases are multiplying. From January to September 1993, cases involving more than 10,000 yuan each that procuratorial organs placed on file for investigations accounted for 60 percent of all cases placed on file during that period; and 77 cases of corruption and bribery involved over 500,000 yuan. Hence the numbers of these two categories of cases are double and triple the figures for the same period of 1992 respectively.

In terms of sectors of origin, more cases took place in monopolized sectors, such as the sectors of banking, railway transport, capital construction, and land project examination and approval. Hot-spot economic construction sectors, including the negotiable securities, stock, and real estate markets, have seen some new forms of criminal offense. The number of collective crimes has increased, with a remarkable increase in the number of cases involving collaboration between both those from within and without an organization, between people from different trades, and from different areas.

Cases of graft and bribery occur frequently in localities and departments seriously suffering from evil trends and, very often, a single case taken up by a procuratorial organ may expose a series of new cases. The nature of cases can be a mixture of graft and bribery, smuggling, tax evasion, favoritism and cheating, dereliction of duty, harboring of evildoers and covering up of evil deeds, forgery of documents, and so on, and it is pretty common that a single case involves several crimes and many persons, or a single crime involves many offenders.

Role of Public Tips in Corruption Convictions Noted

HK2001065594 Beijing CHINA DAILY in English
20 Jan 94 p 3

[By staff reporter Ma Chenguang: "Public Tips Help Bring the Corrupt to Court"]

[Text] More than 60,000 people were charged with corruption last year, a senior official said yesterday.

And 80 percent were turned in by the public.

Fifty-four percent of the cases involved bribery and 24 percent involved embezzlement, said Yang Shen of the Central Discipline Inspection Commission (CDIC).

Nationwide, procuratorial organs handled 525,570 cases during the first 11 months of last year involving 60,163 offenders, said Yang, who is director of the CDIC's Letters-and-Visits Reception Office.

Phone calls, letters and visits from the public helped the government uncover more than 80 percent of the corruption cases.

So far, more than 10,000 offenders have been brought to trial or face trials, Yang said.

Last August, the country tightened its rein on corrupt activities, which run from taking bribes and gifts to embezzling public funds for private purposes.

During the past year, the crime-reporting centre under the Supreme People's Procuratorate received more than 270,000 reports about illegal activities, 58 of which involved bribery and embezzlement.

The CDIC and the Ministry of Supervision, the country's two main supervisory organs, received 100,678 tips from people nationwide through calls, letters and visits.

Only 2 percent of the reports were fabricated.

To date, 194 big cases have been filed, with all offenders either having been tried or waiting for trial.

The complaint centre at the Ministry of Public Security also received 2,595 tips from the public.

According to Yang, among the reported cases at his CDIC office last year, more than 20 per cent were concerned with embezzlement and financial infractions.

Most offenders held bureau-director level positions and were from developing regions such as Shaanxi, Gansu, Sichuan, Guizhou and Yunnan provinces.

Yang said this was because policies and administrative mechanisms in these areas still have loopholes as the country becomes a socialist market economy.

He said the Party and the State have strongly encouraged people to report graft during the nation's anti-corruption drive.

Nationwide supervisory organs have set up "letters-and-visits" offices, hotlines and complaint boxes to make it easier for people to report corruption.

And to encourage people to do so, Yang said, special campaigns have also been conducted to make it easier to report crime. Northeast China's Heilongjiang Province has run campaigns to stop corruption against farmers,

end government-financed trips abroad and ban extravagant marriage and burial ceremonies.

Rising Expenses, Strike Potential Affecting Reform

*HK2401141994 Hong Kong MING PAO in Chinese
23 Jan 94 p 12*

[By special reporter Leng Mou (0397 4188)]

[Text] China's comprehensive reform will mainly be carried out in cities and towns this year. The ability of the large numbers of workers in cities and towns, especially low-income and retired workers, to withstand the effects of reform will have direct influence on the outcome of this carefully designed plan. Associate Professor Feng Tongqing of the China Worker Movement Institute in Beijing, who has long been engaged in the study of workers' mentality, pointed out that when carrying out reform, one must taken into account economic compensation and welfare assurance for workers in the lower income bracket, and one should never overestimate the workers' capacity to withstand the effects of reform.

In recent years, poor coordination between a series of reform projects launched in mainland China has resulted in an increase in the living expenses of worker households and relatively insufficient compensation in terms of actual income. Feng Tongqing believes that a reform plan which keeps the workers' "net burden" at the level of about 5 percent of their income will, generally speaking, be more readily acceptable to most workers. But, while raising pay, it is still necessary to introduce a full range of reforms regarding the insurance, housing, price, and welfare systems, so as to keep a basic balance between pay rises and the due price for introducing the reforms in the areas of insurance, housing, price, and welfare.

Anyway, the reform package will possibly cause a chain reaction in commodity prices, as excessive price hikes will possibly be intolerable to the workers. What is more, price increases caused by an increase in labor costs usually ends up the cost transfer process with enterprises paying the price in the form of losses. Also, as reform may advance faster, thus imposing heavier a burden on workers during a certain period, the pressure on some low-income worker households may exceed the limit they can withstand. Feng noted that the limit of "net burden" that the workers can withstand should be scientifically estimated so that it can be kept within a certain range without causing any fluctuation in the workers' daily economic life.

Associate Professor Feng Tongqing participated in the discussions, forecasts, and analysis that resulted in the blue paper: "An Analysis and Forecast of Social Conditions in China (1993-1994)." He emphasized that relative grievances among low-income workers, fluctuation in the workers' daily economic life, and the intensifying conflicts between workers and management may all

contribute to more frequent occurrences of "eventualities." The so-called "eventualities," he explained, are collective actions taken by a certain number of workers (more than 10 people), in the form of strikes, collective slowdowns, collective visits to government departments to lodge complaints, assemblies, sit-ins, and so on.

Statistics by the letter and visit bureaus of the CPC Central Committee General Office and of the State Council show that the number of visiting groups and individual visitors received by the two bureaus from January to May last year increased by 31 and 29.8 percent over the corresponding period in 1992. Of the cases raised during these visits, 28 percent were to complain about some issues related to daily economic life. Meanwhile, as shown by incomplete statistics made among enterprises in 10 provinces, autonomous regions, and municipalities directly under the central government, the number of eventualities that took place in the second quarter of 1993 was 83.9 percent higher than the figure in the corresponding period in 1992.

Feng Tongqing said: Intensifying conflicts between management and workers is a basic cause for eventualities. The workers have grievances against reforms within their enterprises, especially against some enterprises' practice of "three changes and three no-changes" regarding the redundant manpower layoff operation; specifically, the practice of changing workers but not changing cadres; changing first-line employees (that is, producers) but not changing second- and third-line staff (that is, administrators); and change on general issues but no change on deep-rooted issues. Feng Tongqing held that it is necessary to quickly establish a tripartite mechanism which enables the trade unions and enterprises to open talks, with the government as a mediator, so that the labor disputes can be put on a normal basis. Only in this way will it be possible to substantially reduce eventualities.

The knotty problem of personnel reemployment has long been disturbing enterprises. This problem has not only dampened workers' initiative, but it is also the basic reason why the standing of workers in state-owned large and medium-sized enterprises has been further downgraded. An estimate shows that at the moment enterprises in mainland China have some 17 million redundant personnel, of whom about 10 million are working with state-owned enterprises. Statistics released by the labor department indicate that some 200,000 of the 1 million personnel laid off from enterprises still remain jobless. According to the plan by the government department concerned, the re-employment of redundant personnel of enterprises will not be properly solved until 2000.

Therefore, Feng Tongqing said the standing of workers of state-owned enterprises is expected to be further downgraded in 1994.

Economic & Agricultural

Employment Up Slightly, Inflation Sharply in November

HK2301041394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 23-29 Jan 94 p 8

[By Qu Yingpu: "Inflation Helps Lift Urban Pay"]

[Text] China's employment continued its slow upturn in November while urban wages kept soaring as a result of double-digit inflation.

By the end of November employment stood at 147.716 million, slightly more than the 147.533 million in October but 203,000 fewer than at the beginning of this year, according to the State Statistics Bureau. This figure is for all non-agricultural workers.

The bureau's latest report said that by the end of November State industries had cut their payrolls by 56,000 to 108.833 million from the beginning of this year, but they still grew by 154,000 compared with October.

Of the workers in State industries, 74.07 million held permanent jobs, down 1.54 million. But those working under contracts increased by 1.721 million to 22.306 million. The rest held temporary jobs.

Collective enterprises reduced payrolls by 688,000 to 35.524 million, while foreign-funded and private firms added 541,000 workers to raise their total employment to 3.359 million.

Meanwhile, wages paid out in the first 11 months of 1993 totalled 395.52 billion yuan (\$45.46 billion), 21.8 percent more than during the same period in 1992.

Of that total, State industries paid 309.99 billion yuan (\$35.63 billion), up 21.9 percent. Collective enterprises paid 71.76 billion yuan (\$8.25 billion), up 15.1 percent. And foreign-funded and private firms paid 13.76 billion yuan (\$1.58 billion), up a hefty 73.5 percent.

In another development, November's retail price index—the country's most important inflation indicator—rose 15.1 percent over the same month the previous year. The cost-of-living index increased by 16.7 percent in November.

The retail sales index for consumer goods rose 15.2 percent, while at State-owned commercial outlets the index rose 14.5 percent. The retail sales index for consumer goods at free markets also increased by 16.7 percent.

Urban Cost-of-Living Indexes Rise in December

HK2101071394 Hong Kong SOUTH CHINA MORNING POST in English 21 Jan 94 p 10

[By Daniel Kwan]

[Text] The cost of living in major cities rose by 23.9 percent last month over December last year, according to the State Statistical Bureau. The bureau said yesterday that in 35 major cities, prices of consumer goods increased 17.2 percent and those of major services climbed 38.6 percent. Earlier estimates of urban inflation for 1993 were 19.5 percent.

Meanwhile, the value of industrial output in December jumped 29.8 percent over the same month last year, further pressuring prices, the bureau warned. In releasing the monthly figures, the bureau said: "In December, China's industrial output increased significantly; retail sales were prosperous but price rises were serious and inflationary pressure expanded."

"This (29.8 percent) is close to the peak level registered before (the Government) introduced its macro adjustment policies," it said.

The bureau also said China's total industrial output value reached 3,507 billion yuan (HK\$3,113 billion) last year, up 23.6 percent. In the same period, state-owned enterprises performed worse than collectively-run enterprises and township ventures, the bureau said. Collectively run enterprises reported an increase of 39.8 percent in output value while state-owned companies managed an increase of just 8.9 percent.

Township enterprises increased output by 57.6 percent.

Rising Commodity Sales, Prices Reported in Dec

HK2101113894 Beijing ZHONGGUO XINWEN SHE in Chinese 1132 GMT 20 Jan 94

[By reporter Xiao Rui (5618 3843)]

[Text] Beijing, 20 Jan (ZHONGGUO XINWEN SHE)—A monthly report on the economic situation issued by the State Statistics Bureau today shows that, in December 1993, the growth rate of China's industrial production increased considerably; commodity sales in the domestic market were brisk; the range of rise of commodity prices was relatively wide; and the pressure of inflation increased.

Because many more loans were granted in the third and fourth quarters last year, the situation of enterprises being short of funds was eased. In December, the growth rate of industrial production across the country increased considerably, showing an increase by 29.8 percent as compared with the same month in the previous year and close to the highest point before the work of macro regulation and control was strengthened.

Sales were brisk in the domestic market. In December, the total volume of social commodity retail sales was 35.3 percent higher than the same month in the previous year and was up 29.7 percent over November last year. The volume of grain, edible oil, and household electric appliance sales increased sharply. That month, the sale of grain was 1.41 million tonnes over the same month of

the previous year, constituting a sharp contrast with the accumulated decline of 18 percent in the volume of sales during the first 11 months. Sales of color television sets were up 82.1 percent over the same month of the previous year. The volume of sales of cassette recorders and refrigerators also increased by a relatively large margin. The sales of the means of agricultural production began to increase, and sales of commodities such as chemical fertilizer, pesticides, and plastic for agricultural use also increased greatly.

The range of the rise of commodity prices in December was on the high side. Daily living expenses in 35 large and medium cities rose by 23.9 percent, of which the prices of consumer goods rose by 17.2 percent and service charges by 38.6 percent. Inflationary pressure increased further.

On the whole, the situation of economic operations is basically normal at present. In the next stage, it will be necessary to do a good job in work to give explanation to reform, improve the operation of reform, and make efforts to guard against marked inflation while ensuring the smooth progress of reform in various aspects.

Credit Tightened in Effort To Limit Price Increases

HK2101072294 Beijing CHINA DAILY in English 21 Jan 94 p 4

[By staff reporter Chen Xiao: "China To Tighten Credit"]

[Text] After months of relaxation, China is again tightening the credit corset to stop prices rising. The central government is moving to maintain the economic upturn which could be jeopardized by runaway inflation.

Vice-premier and governor of the central bank Zhu Rongji told a national work conference last Saturday that the country must stick to the tight money policy introduced last July.

However, runaway inflation caused by overheated growth, will severely damage the work done so far. Moreover, high inflation will also cause social distress and instability.

Some economists and politicians believe the government should keep economic growth this year at around 9 percent.

They say China should extend the time limit to achieve its target.

Early in September last year, economists warned of the consequences of loosened credit policies.

The central government had introduced measures to enhance its economic control, especially over credit, when the economy began to overheat—a problem characterized by chaos in banking and double-digit inflation.

Although the trouble in the banking world, such as rampant fund-raising and inter-bank lending, has largely been ironed out in recent months, the monster of high inflation still looms over the economy.

Zhu's speech at the weekend aimed to reinforce central government moves to squeeze the money supply and halt price hikes, which haunted the grain market at the end of last year, triggering a buying spree in big cities.

State Price Information Centre said the cost-of-living index in 35 large cities hit 23.5 percent last December compared with the same month of the previous year.

One root cause of the increasing inflation was excessive investment in fixed assets.

In the State sector in the second half of last year it grew by around 65 percent compared with the same period the previous year (see chart 1).

And from September, the banks began to take their feet off the brakes on the money supply to meet State-owned enterprises' increasing pleas for working capital.

Most State enterprises have to rely on bank loans and at time of economic retrenchment they must slow production almost to a halt.

To keep the engines of State-owned enterprises working, banks increased their loans of working capital to industry to 68.9 billion yuan (\$8 billion) between September and November last year. The equivalent figure in 1992 was only 25.2 billion yuan (\$2.9 billion), said the State Statistics Bureau.

On this point, bankers say they would rather make loans to governments to establish a social security system than to throw money into propping up often-inefficient State enterprises.

Moves to bring annual urban inflation back under 15 percent, 5 percentage points lower than last year, will also depend on support from regional governments, which have a much greater and selfish desire to speed up their economies.

Some regions and departments are again blindly opening investment projects, some of which violate State policies, said a front-page commentary on Sunday in People's Daily [RENMIN RIBAO], the leading newspaper of the country.

The newspaper called on regional governments to quell the renewed real estate fever which is developing again in some regions after a temporary lull.

In 1992, the huge amounts of money invested in real estate were one of the chief factors that put the economy into the frying pan.

It will be much easier to keep the economy growing at a sustained pace, while fending off inflation, if regional governments take more consideration of the country as a whole.

State Information Center Predicts Consumption Patterns

HK2001064794 Beijing ZHONGGUO XINWEN SHE
in English 1407 GMT 19 Jan 94

[Text] Beijing, January 19 (CNS)—Chinese consumers will be seen to spend their money in five main ways in the coming years, according to the State Information Centre.

First, residents will purchase apartments and housing will become their biggest durable consumption item. Second, people will invest in a small family car. Already a number of better-off families have bought a family vehicle. Third, while telephones have now become common in ordinary households, mini-computers will become their popular asset in the future. Fourth, people will tend to spend more on promotion of their health. Fifth, savings deposits will be increasingly turned into investments in stocks and bonds.

State Official Discusses Economic System Reform

HK2001064994 Beijing ZHONGGUO XINWEN SHE
in English 1407 GMT 19 Jan 94

[Text] Beijing, January 19 (CNS)—China showed a rapid pace in economic system reform last year and made important progress in certain fields, the Vice Minister of the State Commission for Restructuring the Economy, Mr. Hong Hu, said today at a press conference.

Mr. Hong said that the decision reached at the 3rd session of the Central Committee of the 14th National Congress of the Communist Party of China made the goal and basic principle of the economic system reform which was confirmed at the 14th National Congress systematic and achievable. It helped form a basic framework for the socialist market economy system and China is now turning its attention towards this system in its ongoing work.

Mr. Hong summed up the reform carried out last year by listing several points. First, the restructuring of the enterprise system was accelerated and entered a new stage. Regulations on a change in the management mechanism were further implemented, the shareholding practice was developed on a trial basis while association as well as merging of state-owned enterprises registered new progress.

Second, a decisive step was taken in price reform while the market for production means developed at a faster pace with the initial formation of a mechanism where the market decides the price.

Third, the implementation of the 16 measures on the strengthening of macroeconomic regulation centered on the application of economic methods had good results, creating sound conditions for the implementation of further reform this year.

Fourth, opening to the outside world expanded further and a new wave of foreign investment in China was seen. A comprehensive and high-level opening pattern was basically formed.

Fifth, social security and rural reform went further and was more intensive. New progress was made in housing reform and in trial comprehensive reform at the county level. The supplementary urban reform which took the lead in the formation of a new system showed a good start.

Sixth, the build-up of economic laws and regulations was speeded up and a significant step was taken in the establishment of the legal system for the socialist market economy. The standing committee of the National People's Congress approved 20 ordinances and 13 decisions related to legal matters last year.

Further on Remarks

HK2001065394 Beijing ZHONGGUO XINWEN SHE
in English 1438 GMT 19 Jan 94

[Text] Beijing, January 19 (CNS)—The Vice Minister of the State Commission for Restructuring the Economy, Mr. Hong Hu, has made public the economic system reform set for this year.

The State Council will single out 100 state-owned enterprises of medium and large size for trial practice in setting up a modern enterprise system which is considered important to China. The management mechanism of these enterprises will see a change while state-owned small-sized enterprises will be renovated by means of leasing, contracting and sale. Those having long-term loss will be declared bankrupt.

Key to the reform of taxation will lay in the setting up of systems for central and local taxation. The relationship between the central authorities and localities, the state and enterprises and individuals must be made clear in terms of taxation.

As for monetary reform, the functions of the central bank have to be improved and strengthened. The central bank must keep control over the supply of money in order to maintain stability of the currency. A banking system for the policy-oriented banks must be set up in a bid to turn the professional banks into state-owned commercial banks.

The planned system will also come under reform, putting an emphasis on simplification and reducing the number of planned indicators but increasing to a little extent the indicators for macroeconomic general volume. The mandatory plans for production, circulation and distribution will be shrunken. The system for order-taking will be developed and improved.

Reform of the investment pattern will put an emphasis on the strengthening of the status held by enterprises as the main investment bodies and the scope of investment

by the government must be made clear. The responsibility of taking risks in investment by legal persons and in credit by banks will be established.

Mr. Hong pointed out that price reform had not yet been completed. He added that a grain and food system in line with the socialist market economy system had to be set up as soon as possible this year while at the same time a unified price system for production means had to be carried out. Prices for coal would continue to open to the market and those for crude oil, finished oil and electricity were to be adjusted.

Results of Intangible Assets Appraisal Announced

OW2101050094 Beijing XINHUA Domestic Service in Chinese 0837 GMT 8 Jan 94

[By reporter Jiang Jun (1203 6511)]

[Text] Beijing, 8 Jan (XINHUA)—The results of the individual appraisal of the country's first batch of intangible assets were announced in Beijing today. Prices were set for the goodwill, trademarks, and products of six Chinese and foreign enterprises. Great Wall Hotel's goodwill value is 260 million yuan; Beijing's Yeguangbei Distillery's goodwill value is over 53 million yuan; Hainan Provincial Airlines' goodwill value is 202.9 million yuan; Hainan's Pisike [0572 2448 0344] International Air Sightseeing Club's goodwill value is 107 million yuan.

Sun Yuehuan, general manager of the Beijing Jiacheng Assets Appraisal Company, which announced the aforementioned results, told this reporter that the so-called intangible assets refer to copyright, patent rights, service trademarks, trademark rights, goodwill, and other non-material assets. He said: The value of the intangible assets of many world-renowned enterprises is much higher than the value of their tangible assets and annual sales volumes. In China, people currently have not placed adequate importance on intangible assets. The value of the intangible assets of some enterprises with high goodwill, famous trademarks, and well-known brand names is very high; if their intangible assets are neglected in property right transactions and in other economic activities, their economic losses will be enormous.

Some experts have said: As China opens its doors wider to the outside world, as enterprises strive to develop modern management systems, and as market competition becomes fiercer, increasing numbers of enterprises will place greater importance on their intangible assets. Intangible assets are an important factor for making investment in foreign countries, for reorganizing enterprises into joint stock companies, for protecting enterprises' own interests, and for expanding enterprises' influence. When an enterprise's property rights are transferred due to making joint investment or to merger, reorganization, or sale of the enterprise, its intangible

assets, which do not appear on its account, must not be overlooked if the value of its property is to be correctly estimated.

State Auditor Addresses National Conference

HK2001070094 Beijing CHINA DAILY in English 20 Jan 94 p 1

[By staff reporter Liu Weiling: "Audits To Focus on Revenues, Tax Returns"]

[Text] As China embarks on bold new economic reforms the country's auditors are focusing attention on the key financial sectors to ensure money flows in the right directions.

Top priorities will be tax returns, government revenues and expenditures, and keeping track of banks and other financial organizations according to Lu Peijian, Auditor-General of the State Auditing Administration (SAA).

Lu said emphasis will also be placed on auditing enterprises and investments in construction and agriculture.

"Auditing must be strengthened this year, a key year for China's reform and economic development, to ensure reforms are implemented smoothly," Lu told a national auditing conference which opened yesterday in Beijing.

To back up the "tax-sharing system," which refers to the division of taxes between the central and provincial governments, the audits of local governments' final fiscal accounts in 1993 will focus on whether their revenues and expenditures are accurate since the new system will use 1993 figures as their base, Lu said.

Auditors will also keep a closer eye on the central bank and policy bank's management of State assets to support financial reform.

Meanwhile, during the commercialization of existing specialized banks, it will be the auditors' job to ensure that no State properties are lost in the course of restructuring.

In addition, Lu said about one-third of the country's key construction projects will be inspected annually for financial irregularities.

Auditors will also try to examine every project which has been completed.

He said project reviews are aimed at strengthening management of the country's investments, improving economic performance and keeping costs low.

Lu said the inspection of State enterprises will focus on the preservation and growth of State assets.

When auditing Sino-foreign joint ventures, emphasis will be placed on assessments of State assets, he said.

In addition, to ensure that the country's investment in agriculture is correctly spent, State auditors will pay particular attention to the expenditure of funds this year, he said.

Lu said that during 1993 auditing departments across the country placed more attention to public finance, money markets and key construction projects.

He said the auditing of local governments' revenues and expenditures and reviews of illegal interbank borrowing have helped the country rectify financial order and control the size of capital investment.

More than 182,000 units were audited last year and 3.392 billion yuan (\$389.9 million) found to be illegally earned through violations of financial regulations has been turned over to the State, he said.

Meanwhile, a total of 11.95 billion yuan (\$1.374 billion) has been saved through recovering misused funds and curtailing expenditures.

The figure was 5.204 billion yuan (\$598 million) more than the previous year's figure.

Further Reforms To Benefit Private Firms

HK2101071794 Beijing CHINA DAILY in English 20 Jan 94 p 4

[By staff reporter: "Boom Time for Private Firms"]

[Text] The pace of China's economic reforms will switch from a run to a sprint as the government implements and plans more major reform packages.

One of the groups to benefit most will be the private sector, said Yang Dakan of the State Planning Commission's Economic Research Institute.

In an article in China Business Times he predicted sustained growth in the private sector, particularly among hi-tech enterprises who will also face ever-fiercer competition.

The number of self-employed businesses (those with fewer than eight workers) will continue to grow, he said.

He believes there will be 19 million self-employed businesses, a rise of 12 percent over 1993. They will take on 32 million workers, about 15 per cent more than last year.

Their contracted capital will be 79 billion yuan (\$9 billion), an increase of 35 percent over last year. And their retail sales volume will be about 200 billion yuan (\$23 billion), compared with 140 billion yuan (\$16 billion) last year.

While self-employed businesses benefit the national economy, their bosses are feeling the pressure of increasingly fierce competition.

Moreover, State and collectively-owned enterprises, growing more vigorous under the latest reforms, will also be a big challenge, said Yang.

According to a survey conducted by the State Committee for Reconstructing the Economic System, people in the private sector said competition was their biggest challenge.

The only way to survive the battle is to invest more in their businesses and improve the quality of their service.

Yang believed self-employed business people will increase their investment to record levels in 1994.

In the late 1980s, when the country's first individual businesses were founded, most were small street stalls or minor transporters.

Since 1990, private investment has diversified and private scientific and technical service outlets have grown fast.

This year many more of these businesses will be set up, said Yang.

Half of the self-employed business people are concentrated on the east coast, with far fewer in the vast inland areas.

The prospects for the country's private enterprises in 1994 are bright Yang said.

His optimistic prediction is based on two facts.

One is that some poorly-managed small State or collective-owned enterprises will be leased or sold to individuals.

The second is that better-trained workers, especially hi-tech talents will enter the private business sector as the country's maturing labour market enables people to switch jobs.

In 1994 there will be 370,000 private enterprises employing up to 5 million people, Yang predicted.

Meanwhile, more hi-tech private enterprises (those with more than eight workers) will be set up as more people with higher education plunge into the private sector.

The development of hi-tech enterprises must be backed by massive investment. The contracted investment of private enterprises will hit 200 billion yuan (\$23 billion) this year, two and half times more than last year, said Yang.

As a result, private hi-tech joint ventures and co-operation will boom.

Increasing investment will produce increasing profits. Yang predicted the average assets of private enterprises will be 370,000 yuan (\$42,000), and the average output value will rise to 100,000 yuan (\$11,500) with an average sales volume of 70,000 yuan (\$8,000).

But while the private sector will be more flexible in management, a development gap is to emerge between the rich east and poor west, Yang said.

In cities and towns, there will be 270,000 private enterprises by the end of 1994, doubling last year's figure, while 100,000 will be scattered in rural areas, only 20 percent more than 1993.

Similarly, the imbalance between the east and west of the country will widen, Yang predicted.

World Bank Pledges To Continue Lending Policy

HK2101072694 Beijing CHINA DAILY in English 21 Jan 94 p 2

[By staff reporter Liu Weiling: "WB Loans To Keep Coming"]

[Text] The World Bank will continue to remain an important source of long-term capital for China's economic development, a senior official with the world body said.

Pieter P. Bottelier, head of the bank's China branch, said China has done a "very good" job implementing World Bank loans.

Making his remarks in a recent interview with China Daily, Bottelier said the bank's total lending to China is projected to reach \$19 billion by the middle of this year.

The international organization has lent \$17 billion to China since it first made a loan in 1981.

Last year, China received the largest amount of World Bank funds of any country in the world.

New annual commitments are to total over \$3 billion with projects concentrated in infrastructure construction, social development and environmental protection.

The bank's lending programme for the coming years, Bottelier said, is to be around \$3 to 3.5 billion, with about 15 to 17 projects annually. They are to focus on agriculture and removing transportation and energy "bottlenecks."

Lending to bolster industry enterprises reform, urban development and alleviating poverty are also to receive greater emphasis.

Bottelier said the World Bank, in addition to being a source of capital for China, also provides technical and policy advice through economic studies and technical assistance projects.

He said assistance programmes this year and in coming years will focus on developing the legal system, financial sector and fiscal administration.

The bank official also noted that Chinese companies are winning more international contracts under World Bank loans to other countries.

This shows that Chinese contractors are becoming more competitive in the international economy, he said.

Chinese suppliers secured about 3.3 percent of international World Bank contracts in 1992, compared with none five years ago. About 8 percent of contracts in 199's were awarded to Japanese firms.

Bottelier also said the World Bank is very pleased with the quality of its relationship with China, which is regarded as a long-term co-operation project. "The World Bank is expected to help deepen and accelerate China's economic reform programme announced at the Third Plenary of the 14th Central Committee of the Communist Party of China in November last year," he said.

However, he said the relative contribution of the bank's capital will inevitably diminish as other sources of capital, especially the private foreign capital, becomes more important for China.

International Cooperation Sought for 3 Gorges Project

OW2401015794 Beijing XINHUA in English 0103 GMT 24 Jan 94

[Text] Yichang, January 24 (XINHUA)—China is looking for international co-operation in designing and producing huge generators for the Three Gorges project.

The project, in central China's Hubei Province, started last year and is scheduled to be completed in the coming 17 years; the 11th year will see the first set of generators producing electricity.

A group of 26 water turbo-generators for the project are planned to have an installed capacity of 700,000 kw each. They will be among the biggest in the world when they are installed.

To pave the way for international co-operation for the project's generators, a month-long symposium was held late last year, with more than 90 Chinese and foreign experts taking part.

Many leading foreign companies with experience in building power-generation equipment above 600,000 kw were represented, including the Volth and Siemens companies of Germany, G.E. of Canada, Hitachi, Toshiba and Mitsui of Japan, and LMZ and Electrical of Russia.

Gold Industry Welcomes Overseas Investors

OW2101071594 Beijing XINHUA in English 0602 GMT 21 Jan 94

[Text] Beijing, January 21 (XINHUA)—China has once again demonstrated its resolution of developing domestic gold industry by using overseas funds and technologies.

The China National Gold Corporation (CNGC), the only specialized gold industry company in the country, has set up a special group to coordinate experimental work of importing overseas funds and technologies.

Cui Lan, chairman of the board of the CNGC, disclosed that so far a dozen companies from the U.S., Canada, Australia and South Africa have contacted them, showing interest in investing in China's gold mines.

He said that, besides opening the gold industry to overseas investment, China is now putting equal efforts into introducing advanced technologies for prospecting, mining, dressing and smelting, as well as models for running gold mines and means of collecting funds.

Cui pointed out that the rumor that China bans overseas investors from its gold industry is false.

He explained that China's gold industry has made great strides since the government adopted the reform and opening-up policy in the late 1970s.

The country's gold production capability has been raised five times since then.

Altogether there are 28 enterprises directly subordinate to the company, which also has nine joint ventures or share-holding companies.

So as to help China's gold industry move into the world market, the company has established four overseas branches.

As a group company monopolizing the country's gold industry, the CNGC has a large business scope covering prospecting, engineering design, construction of gold-related enterprises, consultancy, dressing, processing and sales of gold, and importing materials, machinery and technologies.

Cui foresaw that in the near future the CNGC will develop into a trans-regional group investment company.

Machinery Industry To Grow 14 Percent Annually
HK2001065994 Beijing CHINA DAILY in English 20 Jan 94 p 2

[By staff reporter Pei Jianfeng: "Machinery Industry Gears Up"]

[Text] China will build the machinery industry into one of the pillars of the national economy, the minister of the Machinery Industry said yesterday.

Making his remarks at the opening of the industry's national conference, He Guangyuan said the industry will keep growing at a rate of 13 to 14 percent annually through the end of the century.

By 2010, he said, the machinery industry will account for a third of the nation's industrial output value.

Basic machinery and their components, power generators and automobiles will be the industry's priorities, he added.

According to the latest statistics, the machinery industry's output value was 364.5 billion yuan (\$41.9 billion) last year, a 24.6 percent increase over the previous year.

Profits and taxes jumped 30 percent to reach 32.5 billion yuan (\$3.7 billion) and exports of machinery products exceeded \$14 billion last year.

The industry produced 1.28 million automobiles last year, including 234,000 sedans, representing an increase of 20 percent and 44 percent respectively over 1992.

The minister said this year's investment, financial and tax reforms will present the industry with new opportunities and challenges.

The establishment of the national import and export bank, he said, will increase machinery exports, particularly complete equipment.

However, the money shortage will continue to be tight as more enterprises resort to commercial loans for technical renovations.

The new taxation system will make enterprises compete on an equal footing.

The unification of the dual-track foreign exchange system will help expand exports but make imports more expensive, he said.

And the country's auto assembling factories that depend on imported parts will face higher costs because of the devaluation of renminbi.

Economists predict that the machinery industry will grow 12 to 15 percent this year.

The planned auto output is 1.4 million this year, including 340,000 sedans.

Continued rapid growth in fixed assets investment this year will be the driving force of the industry.

But inadequate transport and the shortage of capital, energy and raw materials will still pose problems.

He said the ministry will adopt bolder corporate reforms this year to push enterprises to the market.

More companies will be restructured into shareholding ones and be listed at domestic and overseas securities exchanges.

Column Views Progress in Steel Production*HK2101154494 Beijing RENMIN RIBAO in Chinese
21 Jan 94 p 1*

["Review and Prospects" column by staff reporter Lu Mu (7627 3668): "Steel: From 8 Million to 88 Million"; first three paragraphs are RENMIN RIBAO editor's note]

[Text] The year 1994 has arrived while news of success keeps pouring in for us. Often, news of success does not come without statistical figures. A series of figures illustrates the brilliant achievements our country has made in socialist economic construction since the Third Plenary Session of the 11th CPC Central Committee, especially since Comrade Deng Xiaoping gave his talks during his South China tour and since the 14th National CPC Congress was held.

Figures are most eloquent. Comparing figures is revealing. Longitudinal comparison shows us how much progress we have made in real terms, while lateral comparison reveals how much we are still behind the developed nations.

To help our broad readership understand the rich contents of figures, we open a new column, "Review and Prospects," today. In this column, we will use past data and current statistics to illustrate how difficult it has been for us to achieve what we have achieved and to throw some light on the arduous nature of our future tasks. We truly face heavy tasks and have a long way to go. We trust that such comparisons will spur us further ahead in reform and opening up with full confidence and to strive for new victories in the building of socialism with Chinese characteristics in a down-to-earth manner. We also hope our readers will make requests and offer suggestions so that we can run this column well together.

In order to promote iron and steel production, the people of our country went through an arduous journey full of twists and turns.

Most of our comrades aged 40 years or above can vividly remember how we strived to produce 10.70 million metric tons of steel in 1958. At that time, almost everybody, regardless of age or sex, joined the effort. In the end, actual output was only 8 million metric tons. The victorious newspaper stories printed on the right carry the distinct signature of those time.

The 35 years between the 8 million metric tons of 1958 and last year's 88.676 million metric tons span two significantly different periods.

In the first 20 years (1958-1978), iron and steel production of our country had slow growth. It took 12 years to bring output from 10 million tons to 20 million tons; then it took a further eight years to increase output from 20 million tons to 30 million tons. The novel "The Water Margin" tells a story about "conquering Zhu's Village after three battles." In our iron and steel production front, we also had the experience of trying to "conquer

'26 million' with three battles." For three years in a row from 1974 to 1976, we planned to increase steel output to 26 million tons, all to no avail.

In the second period of 15 years (1978-1993), with ongoing reform and opening up and a spurt of vitality in our national economy, it took five years to increase steel output from 30 million metric tons to 40 million metric tons, three years to go from 40 million tons to 50 million tons and another three years to go from 50 million tons to 60 million tons, two years for output to reach 70 million tons from 60 million tons, and only one year to grow from 70 million tons to 80 million metric tons!

In these 15 years, not only has iron and steel output increased at dramatic rates, progress in variety, quality, and technical advancement has also been very fast. In the 1950's and 1960's, China could only smelt ordinary carbon steels, but in the late 1980's, we could produce all kinds of carbon steels and high-temperature, precision, and other kinds of alloy steels. Varieties of steel have increased to more than 1,000. Smelting techniques and technology have also undergone great changes. Before 1974, China's continuous casting ratio was zero, but it reached 34 percent last year.

Naturally, however, although China has become a big producer of iron and steel, we are far from being a competitive producer. Annual steel output per worker in our iron and steel industry is only 24 metric tons, while the comparable figure in such countries as Japan and the ROK is two to three times higher than ours. Energy consumption per metric ton of steel in our country is 1.5 metric tons of standard coal, which is 50 percent higher than the advanced international level. There are even greater gaps in terms of variety and quality. Only half of the crucial varieties needed by key areas of the national economy are supplied internally, and the others still need to be imported. Our country's iron and steel industry is now making efforts to optimize its structure and narrow the above-mentioned gaps as soon as possible.

Coal Minister Views Reform, Market Economy*HK1901101294 Beijing RENMIN RIBAO in Chinese 3
Jan 94 p 5*

["Earnestly Studying Volume 3 of the *Selected Works of Deng Xiaoping*" column by Wang Senhao, coal industry minister: "Reformative Thoughts on Coal Industry Moving Toward the Market Economy"]

[Text] Volume 3 of the *Selected Works of Deng Xiaoping* [Selected Works] is important Marxist literature. The book collects important works during the period from September 1982 to February 1992. We had personal experience and took part in the practice during this period. Therefore, we find the selected works intimate and easy to read. Centering closely round the main theme of building socialism with Chinese characteristics from beginning to end, the book expounds a series of creative theoretical viewpoints. It has enriched and developed Mao Zedong Thought with many new ideas

and viewpoints and manifests the features of building socialism with Chinese characteristics. It is China's contemporary Marxism and is a brilliant example of upholding the ideological line of emancipating the mind and seeking truth from facts.

Using historical materialism, Comrade Deng Xiaoping has put forward the viewpoint that the productive forces play a decisive role in the development of human society and has given creative Marxist answers to questions such as the nature of socialism, the fundamental tasks of socialism, and the fundamental standard for testing various kinds of work.

In studying the *Selected Works*, we must firmly grasp the viewpoint that the productive forces play a decisive role, abide by the productive forces criteria, and gain a thorough understanding of the essence of the theory of building socialism with Chinese characteristics. Systematically studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is of great practical significance and far-reaching historical significance to further increasing understanding, adhering to the party's basic line, enhancing vigor, doing pioneering work, making progress, and carrying out historical missions.

The practice in reform and opening up during the past 10 years and more has shown that the development rate of our country has been fast and that the broad masses of the people are satisfied with the development rate. *Viewed from the development of the coal industry, these 10 years and more have been a period for the fastest development in the history of the coal industry.* The output of raw coal increased from 618 million tonnes in 1978 to 1.115 billion tonnes in 1992. The average annual increase was 35.5 million tonnes. After 1986, the shortages in coal supplies, which had lasted for many years, eased up. Great changes took place in the coal production technology and the degree of mechanization was raised by a big margin. The degree of mechanization in coal mining in key state mines was raised from 32.5 percent in 1978 to 72.26 percent in 1992. Safety in mines improved annually. The death rate in producing 1 million tonnes of coal was lowered from 9.44 people in 1978 to 5.43 people in 1992, a decline of 42.5 percent. The death rate in producing 1 million tonnes of coal in key state mines was lowered from 6.94 people in 1978 to 1.06 people in 1992, a decrease of 84.7 percent. Relatively great achievements were also made in opening up to the outside world and coal exports were increased by a big margin. All this has clearly proved that Comrade Xiaoping's theory of building socialism with Chinese characteristics and the policy of reform and opening up we have adopted are entirely correct.

The coal industry is an important basic industrial sector of the national economy and is also the basic industrial sector which is most seriously affected by the traditional planned economy structure and which has least vitality among state enterprises. At a time when the economy is shifting to the new economic structure, a large amount of

problems left behind by the traditional planned economy structure are woven with new contradictions and new problems cropping up in the course of entering the socialist market economy. This has put coal enterprises in a very difficult position. Affected by the traditional planned economy structure over a long period, coal mines have been run only by coal departments and only coal has been produced in coal mines. In the construction of coal mines, the scale has been stressed and economic results have been belittled. This has led to the emergence of a serious imbalance and many other major problems in the total supply and demand of coal, production structure, product mix, and the economic results of coal enterprises. Such problems mainly include: 1) *The coal industry lacks the capacity for further development.* By the end of this century, there will be a big contradiction between the available coal production capacity and the needs of the rapid growth of the national economy. 2) *A big contradiction exists between the production structure of the coal industry and the demand structure of the national economy.* The proportion of rural coal mines has become larger and more and more newly-increased coal output is produced by scattered, small-scale, and nonregular coal mines. This is not in keeping with the gradual concentration of coal consumption on power, steel, and chemical enterprises and the direction of the development toward large scale and stability. It is impossible to have a long-term and steady supply of coal to meet the needs of the national economy. 3) *There is a big contradiction between the possible coal industry output and the railroads' and transportation department's possible capacity for coal.* Since the layout of coal resources and that of the productive forces of the national economy are developing in opposite directions and the product mix of coal is unitary, the coal produced cannot be converted locally, the problem of coal transportation has remained unresolved for a long time and many coal enterprises do not have the basic conditions for production and operation. 4) *Key state coal enterprises have an excessive number of workers, low productivity, and heavy losses.* At present, key state coal mines produce over 480 million tonnes of coal and have a total of 3.6 million workers. However, Australia produces more than 200 million tonnes of coal, but has 30,000 workers. The difference is nearly 40-fold. The gap between our level and the world's advanced level is too big. Although these existing contradictions and problems in the coal industry at present are expressed as problems of total supply and demand, structural readjustment, and economic results. In essence, they reflect in a concentrated manner the drawbacks of a complete set of policies for production and construction in coal mines, investment policies, and the operational mechanism of coal enterprises formed in the planned economy structure. In resolving these contradictions and problems, it is necessary to formulate policies and find a way out in reform and to restudy and redesign new ideas, a new framework, and new mechanisms for the coal industry to move toward the market in accordance with Deng Xiaoping's theory on building socialism with Chinese characteristics, the general

demand on the establishment of the socialist market economy structure put forward in the decision on several questions on the establishment of the socialist market economy structure made at the Third Plenary Session of the 14th CPC Central Committee, and using as reference the experience in the development of the coal industry in foreign countries. I would now like to put forward some reformative thoughts and tentative views on how the coal industry in China should move toward the socialist market economy.

I. Break the Barriers in the Industry, Mobilize the Strength of Various Quarters To Run Coal Mines

Running coal mines should not be limited to one industry, locality, or country and transindustrial, trans-regional, and transnational comprehensive mining companies should be organized to carry out comprehensive development and operation. In the coming 10 years, the national economy will enter a new period of rapid development. How much coal will be needed and what will be the production capacity of the coal industry by the end of this century? Many domestic and foreign specialists and scholars are constantly studying and exploring these questions. The Ministry of Coal Industry is also studying and formulating development plans. According to tentative views on revitalizing the coal industry, put forward by comprehensive state departments in 1992 after Comrade Deng Xiaoping made his important remarks during his southern tour, the ministry has put forward the target of producing 1.5 billion tonnes of coal by the end of the century. At present, the coal production capacity of the whole country is about 1.1 billion tonnes. By the end of this century, the decrease caused by the decline in coal production capacity will be about 100 million tonnes. To attain a production capacity of 1.5 billion tonnes, more than 400 million tonnes of newly added production capacity is needed. In the short period of seven years, it is not at all easy to increase the production capacity by 400 million tonnes and it will be difficult for the state to provide the financial resources. There is a serious insufficiency in strength for further developing the coal mines. Therefore, in addition to a number of key mines, built with state investment in a planned way, the strength of various quarters should be mobilized and funds from various quarters should be pooled to build coal mines. Coal mines run by collectives in townships and towns should be developed continuously and with great efforts. To consolidate, support, reform, combine, and raise to a higher level collective coal mines in townships and towns, and to comprehensively improve the quality of coal enterprises, have become strategic tasks which brook no delay in the development of the coal industry in the coming 10 years. Proceeding from the reform of the coal distribution system and in accordance with the principle of benefiting those who make investment, it is necessary to encourage the electricity, metallurgy, chemical industry, and railway departments, and enterprises under these departments, to make investment in running coal mines and to encourage localities which have a

shortage of coal to run coal mines in localities where coal is abundant. It is necessary to welcome and attract foreign coal enterprises, commercial companies, and financial firms to make investment and run coal mines in China in the form of joint ventures and cooperation. Industrial departments should provide high-quality services in terms of geology, design, construction, technology, equipment, and management, for departments, localities, and domestic and foreign enterprises and companies which make investment in coal mines and should carry out management by the respective trades. It is necessary to make use of the market economy structure to resolve the contradiction of the coal industry's lack of strength for further development.

II. Break Away From the Traditional Practice of "Allocation of Levels" of Construction Scales in Central State-Owned Coal Mines; Proceed From the Actual Layout of Coal Resources; Pay Attention to the Principle of Economic Results; and Use State Funds for the Construction of State-Owned Coal Mines in a Relatively Concentrated Manner

The state should mainly grasp several key coal export provinces and areas and build a number of large energy bases which can support the whole country in despatching both coal and electricity from regions where coal reserves are abundant, conditions are favorable, and the input-output results are good. The development, production, and operation of key state-owned coal mines in provinces and regions where there is a shortage of coal or where coal is for their own use, should, in principle, be managed by the provinces or regions. Support should be given to provinces and regions which despatch coal in the construction of local commodity coal bases, sales of locally produced coal on the market, and supply of coal power plants, steel works, and other consumers which need large quantities of coal.

III. Break Away From the Traditional Mode That Coal Mines Can Only Be Run by Coal Enterprises; Develop Industry for Local Processing and Converting Coal to Reduce the Pressure on Coal Transportation

Because of the imbalance between the location of the coal resources and that of the productive forces in the national economy, and because of the planned economy structure in the past 40 years and more since the founding of the republic, coal enterprises can only run coal mines, their product mix is unitary, little of the coal produced is converted locally and, as a result, the amount of coal transported into or out of provinces and regions has increased annually and more and more coal is transported out of central and western provinces. In 1990, the net amount of coal transported out of the central and western areas accounted for 80 percent of the whole country's total and there has always been a shortage in the coal transportation capacity. Therefore, all mining areas with the relevant conditions should construct power plants and coking plants and should develop other chemical products with the coal. Some may make unified plans for coal, electricity, railway, and

seaports and carry out unified development and comprehensive management so that most of the coal can be converted locally, the pressure on coal transportation can be reduced, and the basic operational conditions for the coal industry's entry into the market can be created.

IV. Get Rid of the Traditional Concept of Paying Attention to the Scale of Construction While Belittling Economic Results and of Spending Money Without Paying Off Debts; Lay Stress on Economic Results

In building new state-owned coal mines, including major technical transformation, it is necessary to use new modes, new mechanisms, and a high technological level of equipment, to use less people and to obtain better economic results. Coal mines with poor conditions or economic results, or without the ability to pay off debts, should not be built. In this way, the level of the coal-mining equipment and economic results of key state-owned coal mines in China will reach, or come close to, the international level in 10 to 20 years as a result of our efforts.

V. Make Great Efforts To Readjust the Industrial Structure; Establish the Strategic Position of Diversified Management

The establishment of the socialist market economy structure has enabled the coal industry to enter a historical period of changes and the problems of an excessive amount of people employed, low productivity, poor economic results, and great losses are confronting severe challenges. Because of this, the coal industry must persistently regard coal as the foundation, optimize the industrial structure, and make great efforts to develop diversified management and tertiary industry. It is necessary to reduce the number of people employed and increase economic results. The surplus personnel from the enterprises can be used for diversified management and tertiary industry. Diversified management covers a wide scope, including production and operational activities of the first, second, and third industries. For example, processing in depth and conversion of coal and the comprehensive development and utilization of the resources of mining areas; the development of tertiary industry which requires less investment and provides more job vacancies; and the development of industries other than the coal industry. This is a major strategic measure in the development of the coal industry. Not only old mining areas should develop diversified management and blaze new paths, new mining areas should also develop diversified management and take the road of comprehensive development, change the face of operations in the coal industry as soon as possible, and increase economic results so that coal enterprises can extricate themselves from a difficult position.

VI. Change the Operational Mechanism of State-Owned Enterprises, Establish a Modern Enterprise System Which Is In Keeping With the Requirements of the Socialist Market Economy, and Effectively Integrate Enterprises Under Public Ownership With the Market Economy

In carrying out experiments on establishing a modern enterprise system it is necessary to select a number of

coal enterprises which have a more favorable geological position, better conditions in terms of resources, and better economic results. Experiments on companies with limited liability can be carried out in some of these enterprises and experiments on joint-stock companies can be carried out in others. On the basis of the experience gained, management and operation by companies should be gradually practiced in state-owned coal mining enterprises. Relations in property rights should be put in order and the ownership of investors should be separated from the property rights of legal persons. The ownership of investors includes stock ownership, that is, the investors are entitled to: Benefit from assets according to law in the capacity of stockholders; participate in the selection of managers; participate in major policy decisions; the right to transfer stock ownership; and entitled to other rights. The legal person property rights include the possession, utilization, benefits, handling, and allocation of the property of the legal persons according to law and the legal persons are responsible for their own operational activities with their independent property. Enterprises have the legal person property rights and, through the establishment of the capital system and the assets management responsibility system, the system of assuming sole responsibility for profits and losses can really be implemented in enterprises. It is necessary to enable enterprises to manipulate, utilize, handle, and operate their assets, to make good use of deposited funds, and to effectively bring about added value in accordance with the relationship of market supply and demand and the law of value. In this way, enterprises can put an end to the situation of mixing up the duties of the government and those of enterprises, lay a foundation for enterprises to stop being appendages of government administrative organs, and create the basic conditions for government departments to practice management by respective trades. Coal enterprises which are not selected for experiments should continue to resolutely implement the "Enterprise Law" and the "Regulations on Industrial Enterprises Under the Ownership of the Whole People Changing Operational Mechanism," reform the internal management system, and practice replica legal person operation in units under them so that these units are entitled to the rights of legal person enterprises within the enterprises, undertake the responsibilities of legal person enterprises, and embark on the orbit of development "on their own in four aspects." Nonproductive and nonconstruction units should operate independently, assume sole responsibility for profits and losses, find their own way out, and strive to survive through moving toward the market.

VII. Increase Coal Exports

In 1992, China produced 1.115 billion tonnes of raw coal, of which 20.2 million tonnes were exported, accounting for 1.8 percent of the coal output. This is far from being in keeping with a big coal-producing country with an output of 1.1 billion tonnes. A major cause is the problem of the export structure. The export of coal is only managed by the China National Coal Import and

Export Corporation and the enthusiasm of various other major enterprises, or major coal-producing provinces, is not given full play. This situation must be changed and coal exports should be a chief source of foreign exchange. It is necessary to formulate, in accordance with the requirements of the socialist market economy, a set of policies for coal exports which are in keeping with our national conditions, and which can arouse the enthusiasm of various sectors, and to smash the coal export structure which does not conform with the market economy laws and in which only one corporation operates. It is necessary to remove restrictions in an appropriate way, gradually give key coal enterprises the right to make decisions on exports, and increase the export volume of coal to earn more foreign exchange for the state. To avoid confusion in coal exports, to coordinate work in various aspects of coal exporting enterprises, and to unify policies toward foreign countries in coal exports, the establishment of a China Coal Imports and Exports Commercial Chamber can be taken into consideration. This chamber can study and formulate policies for coal exports, fix the lowest price limit and the range of price fluctuation, collect and provide information on the international coal markets, and investigate and study the operational activities of domestic coal exporting enterprises to increase the competitive power of our coal exports, supervise and maintain normal trade order, and do a good job in coordinating coal trading activities with foreign countries by coal exporting enterprises and in providing services for them.

At present, we are living amid deep changes following the development in reform, opening up, and modernization. The faces of the social relationship and social economy are undergoing tremendous changes. So long as we earnestly study and use Deng Xiaoping's theory on building socialism with Chinese characteristics, constantly raise our consciousness and firmness in implementing the party's basic line, deepen reform, and speed up development, the coal industry will certainly have flourishing and prosperous prospects.

On Theoretical Basis for Socialist Market Economy

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[By Yu Zuyao (0060 4371 1031) of the Economics Institute of the Chinese Academy of Social Sciences, edited by Xiao Yang (2556 7122): "The Theoretical Basis for Developing a Socialist Market Economy—Study of Volume 3 of *Selected Works of Deng Xiaoping*"]

[Text] Just as China's socialist economic reform entered the crucial moment of accelerating overall structural change, the publication and distribution of Volume 3 of *Selected Works of Deng Xiaoping* have provided a scientific theoretical basis and guiding principle for China to draw upon and accelerate the overall construction of a socialist market economy. Moreover, they have also provided the best teaching material for economic circles

to study and explore the Marxist economics of New China, and provided a scientific guide for us in striving to found a socialist market economy.

China's socialist reform has gone through a short course, but its brilliant achievements have gone down in the annals of mankind. The initiator of this unparalleled feat is Deng Xiaoping. The chief designer of this magnificent edifice of the socialist market economy with oriental national style is Deng Xiaoping. It can be said without the least exaggeration that without the initiative of Comrade Deng Xiaoping there would have been no world-shocking changes in China. Without the guidance by the brilliant banner of Deng Xiaoping's theory on building socialism with Chinese characteristics it would have been impossible for China's reform to have made great achievements that have attracted worldwide attention. At present, China's great cause of reform has entered the stage of storming fortified positions of overall structural change. The road ahead is tough, but the reform cannot stop here, much less should we fall back. If we do not make progress, we are falling back, and falling back "can only be on the road to ruin." Now the targets and direction are clear, the road is open, and the plan of decisive battle will soon be put into effect. Under the new situation it is absolutely necessary and timely to study systematically and seriously Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, especially the theory on socialist reform. It can be affirmed that should China depart in future reform from the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and should China deviate from the course pointed out by Comrade Deng Xiaoping's theory on socialist reform, it would be difficult to build up the system of a socialist market economy and reform would even be led onto a wrong path.

The cause of China's socialist reform can only take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, especially Deng Xiaoping's theory on socialist reform as the banner and the guiding principle, and should by no means take any other theory as guidance. The guiding position of this theory of Deng Xiaoping's is not artificially established, but is an inevitable selection by history. After the victory of the democratic revolution, the Chinese people and the CPC went through a difficult and tortuous course, and paid huge cost determining how to build socialism in a country like China, which was backward in economy, culture, science, and technology. Useful explorations were made, too. Early during the period of the democratic revolution, proceeding from China's national conditions, Comrade Mao Zedong creatively put forward the theory on a new democratic society. After the founding of the PRC, during the period of the restoration of the national economy, we put this theory into practice, rapidly restored the national economy destroyed by a protracted war, and smashed the imperialist economic blockade, and the people lived and worked in peace and contentment. It seems that if we

should continue making explorations along this idea, the new democratic society would probably be a road leading to socialism which we would inevitably follow. However, by mid-1950's the pace of transition of new democracy was quickened, and it was replaced by socialism "large in size and collective in nature." Afterward, the Soviet Communist Party's criticism of Stalin impelled the CPC to think back on the economic management system and the road of industrialization. The Eighth CPC Congress and Comrade Mao Zedong's "On Ten Major Relations" challenged the Soviet model of socialism, and put forward the considerations of reforming the management system.

It should be said that in the international communist movement, the CPC's consciousness of reform was fairly early. If China should continue forging ahead along the road of the Eighth CPC Congress, the system of a socialist market economy with Chinese characteristics might have stood erect in the East long ago. However, this valuable experiment that had just begun soon died out, the development of the productive forces was replaced by endless political movements and escalation of ownership, "take economic construction as the center" was replaced by "take class struggle as the key link," and the objectively existing market mechanism was replaced by the "official's will." The ten-year long turmoil that neither wanted culture nor was revolutionary pushed all the more this rigid leftist system to the extremes, and declared "exercising all-round dictatorship" over commodities, market, and currency without exception. Finally, it did great damage to the productive forces and the national economy was pushed to the brink of collapse. After this unprecedented calamity of self-destruction ended, the whole party and the entire Chinese people thought seriously: How has this catastrophe happened? How can we prevent its repetition? China was again faced with the problem of re-selecting the socialist model: Where to go. To go in for "whatever" and continue maintaining the old system, line, and policies, or to "seek truth from facts, emancipate our minds," and continue exploring the socialist road by combining Marxist fundamental tenets with China's practical conditions? Precisely at this important moment that determined the future and destiny of the party and the state, Comrade Deng Xiaoping upheld the brilliant banner of building socialism with Chinese characteristics, and sounded the advance of all-round reform. Comrade Deng Xiaoping correctly summed up the successful experiences, frustrations, and lessons of the CPC in exploring the road of building socialism, and drew the experiences and lessons of the rise and fall, success and failure of other socialist countries, and led the Chinese people in the great practices of reform and opening-up to achieve another historical leap by combining the Marxist fundamental tenets with China's practical conditions of socialist construction. It can be said that the theory he founded on building socialism with Chinese characteristics is the continuation and development of Comrade Mao Zedong's "On New Democracy" and "On Ten Major Relations" in the new period. The reform he

initiated is the direct inheritance and development of the reform experiment that the CPC started carrying out in the mid-1950's and was later interrupted. Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics has opened a new chapter in the history of Marxist development. The reform he initiated has ushered in a new epoch in the history of mankind.

Various socialist countries originally carried out the administrative mandate-type planned economy system according to the Soviet model. This kind of system had considerable superiority in mobilizing and concentrating limited resources on key construction projects, but lacked life and vitality. Since the 1970's, many countries have embarked on the road of reform with the market as orientation. There is no precedent yet that these countries have achieved success in reform, but on the contrary most of them have been bogged down in the quagmire of economic, political, and social crisis, and the people have no means of livelihood. This "therapy" and that "plan" invented by those foreign advisers and "brain trusters" all vanish like soap bubbles, and have become bitter fruits which they can neither swallow nor spit out. The economy and culture of China are far more backward than those of these countries, China's national conditions are more complicated, and therefore the difficulty of reform cannot be compared by that in these countries. However, China's reform has made universally acknowledged achievements.

From 1978 to 1992, China's GNP increased from 358.8 billion yuan to 2,400 billion yuan, total import and export amount increased from 20.6 billion dollars to 165.6 billion dollars, per capita income of the peasants increased from 132 yuan to 784 yuan, per capita income of city and town staff and workers increased from 382 yuan to 1,826 yuan, the savings balance of urban and rural residents increased from 21.1 billion yuan to 1,380 billion yuan, and the life of the people is transitioning from enough to eat and wear type to comparatively well-off type. In the world today, many countries are going through recession and crisis, and only China's economy has since reform maintained a momentum of powerful and high-speed growth. The reason lies precisely in: We uphold "thinking independently and taking our own road," firmly believe that "one can never achieve success by copying indiscriminately the experiences and the model of other countries," and persist in combining the Marxist fundamental tenets with China's concrete practices. We have forsaken the Eastern dogmatism, and have also guarded against the disruption by Western dogmas. We have always placed Comrade Deng Xiaoping's theory on socialist reform in a position of guiding principle for reform. The practices of reform require learning from the successful experiences of other countries, and the theories of reform should assimilate the scientific composition of contemporary Western economics. But learning from and using for reference cannot substitute for one's own creation, much less can foreign books replace Marxism of New China and serve as the guiding principles for China's reform. China must

carry out reform; if not, "it can only be the road to ruin." China's reform can only be guided by the theory on building socialism with Chinese characteristics, and whenever we run counter to or deviate from this theory, reform will go astray.

Comrade Deng Xiaoping's theory on China's socialist reform is a scientific system gradually built up and developed in the practices of China's reform. This scientific system is the outcome by combining the fundamental tenets of historical materialism and scientific socialism with China's practical conditions, and has also assimilated the scientific composition of contemporary Western economics. It has the characteristics of practices, inheritance, openness, systematics, science, and criticism. It is rich and profound in contents, and various components parts are interrelated and constitute a complete scientific system. Only by studying systematically Volume 3 of the *Selected Works of Deng Xiaoping* can we fully comprehend Deng Xiaoping's theory on socialist reform. Take the important parts, for example: Concerning the theory that reform must first straighten out the ideological line, uphold "emancipating the mind, and seeking truth from facts," proceed from China's national conditions in everything, be bold in making explorations through practices, and forsake book worship of every description, and concerning the dialectical relations between reform and upholding the socialist road. On the one hand "we must never take the Western capitalist road" in reform, and "if China with one billion people should take the capitalist road, it would be a disaster to the world, and it is pulling history back." On the other hand, if we do not carry out reform, "it can only be the road to ruin" and "poverty is not socialism."

Concerning the theory that reform is the road we must follow in emancipating and developing the productive forces. "After the establishment of the socialist basic system, it is still necessary to change fundamentally the economic system that fetters the development of the productive forces," and "reform also means liberating the productive forces. In the past, we only talked about developing the productive forces under the socialist condition, and did not talk about the fact that it was still necessary to liberate the productive forces through reform. It was incomplete. We should completely talk about both liberating and developing the productive forces." With regard to the nature of reform, "reform is China's second revolution," and "we look upon reform as a kind of revolution, of course not the kind of revolution like 'the Cultural Revolution.'" But "the nature of reform, like that of the revolution in the past, is also to remove the obstacles that hinder the development of social productive forces." Concerning the essence of socialism, "the essence of socialism is to liberate the productive forces, develop the productive forces, eliminate exploitation, remove polarization, and finally achieve common prosperity." About the central task of the socialist stage, "the central task of the whole socialist historical stage is to develop the productive forces." "To go in for socialism, the central task is to

develop the productive forces," and we must always take economic construction as the center.

Concerning the socialist fundamental principles, "one principle is that public ownership constitutes the main body, and the other is common prosperity. These are the socialist fundamental principles we must uphold." Regarding the compatibility of socialism with the market economy, and the integration of planning with the market, "there is no fundamental contradiction between socialism and the market economy," and "it is not the essential difference between socialism and capitalism whether there is a bit more of planning or a bit more of the market. The planned economy is not equal to socialism, there is planning too under capitalism; the market economy is not equal to capitalism either, there is also the market under socialism. Both planning and the market are economic means." "Planning and the market that serve socialism are socialist; those that serve capitalism are capitalist." "Both planning and the market are methods, and can be made use of so long as they are advantageous to developing the productive forces." With regard to the relations between reform and development, "grasp the opportune moment, develop ourselves, and the key is to develop the economy," "only development is a tough argument," "as long as we talk about performance, about quality, and go in for export-oriented economy, there is nothing to be worried about," and "China should strive to enter a new stage in economic development after every few years. Of course, we should not encourage impractical high-speed, but should be realistic and pay attention to performance, and make stable and coordinated development." "The law of China's economic development may still be advancing wave upon wave, with a leap and jumping over a new stage after every few years."

Regarding the building of material civilization and spiritual civilization, we should stick to paying attention to dual tactics, and both tactics should be tough: "We should oppose corruption in the whole process of reform and opening-up." Concerning the relations between economic reform and political reform, and the tasks of political reform: "Now for every step forward made in economic structural reform we deeply feel the necessity of political structural reform. Without political structural reform we cannot continue making progress in economic structural reform, which would obstruct the development of the productive forces." "The political structural reform includes first of all separating the functions of the party from those of the government, and solving the problem of how the party can be good at leadership. It also includes decentralization and simplification of the administrative structure." "The purposes of the political structural reform are: Always maintain the vitality of the party and the state; overcome bureaucracy, raise working efficiency; mobilize the initiatives of the basic levels, and those of the workers, peasant, and intellectuals," and "develop the socialist democracy." About expanding opening to the outside world, we uphold maintaining independence and keeping the initiative in our own hands and self-reliance; oppose

hegemonism and power politics. Concerning the exposition that reform must be carried out under leadership and in an orderly manner, and that it is necessary to maintain stability and a stable social environment, "to go in for reform and opening-up, the key lies in stability," "China's overriding problem is stability, and without a stable environment, nothing can be achieved;" "for the reform to succeed, it must be carried out under leadership and in an orderly manner," and "the central authorities must have authority."

About the criteria for examining reform, we should uphold taking whether or not the reform measures are favorable to developing the productive forces of the socialist society, enhancing the overall national strength of the socialist country, and raising the living standard of the people as the basic criteria for deciding which measures to use and their success and failure.

Moreover, there are also expositions about rural and urban reforms. These interrelated aspects constitute the basic contents of Comrade Deng Xiaoping's theory on the socialist reform. This complete scientific system includes the theoretical basis and the guiding principle of China's reform, its nature and tasks, its strategy selection and measures for implementation, its external environment and conditions, and its target model and orientation. A red line that runs through this scientific system is to achieve through overall reform a linkage between the socialist basic system and the operational mechanism of the market economy, and to integrate the superiority of the socialist system with the basic role of the market economy in optimizing resources allocation, thereby pushing the productive forces to develop at a rate faster than that under the capitalist system, and achieving common prosperity among the people. The core of this scientific system is to re-select through the second revolution a socialist model that conforms with China's national conditions and meets the requirements of the productive forces. We should strive to study and put into practice Comrade Deng Xiaoping's theory on the socialist reform, whether the whole system or a particular thesis, completely and not one-sidedly, objectively and not subjectively as one pleases, accurately and not quoting out of context, and profoundly and not superficially. Otherwise, it will not only do harm to the reputation of the theory itself, but will be more detrimental to the great cause of reform.

Comrade Deng Xiaoping's theory on the socialist reform and the great practices of China's economic reform have evoked a profound revolution in the history of Marxist economic theories, and have written a brand new chapter in the Marxist socialist economics. The reform is intensifying, and practices are developing. This theory of Comrade Deng Xiaoping's will be constantly enriched and become more mature. With this theory as the basis, it will be possible for us to found the Marxist socialist political economics with Chinese characteristics. Only with this theory as guidance will it be possible for us to deal with Western economics correctly, assimilate its essence, reject its dross, and make use of it without

letting ourselves degenerate into Western dogmatism. The Chinese people have performed a spectacular world-shocking drama on the stage of reform, and created a miracle that links socialism with the market economy. So long as we base ourselves on China's practical conditions, thoroughly study a great deal of difficult problems brought up in the practices of reform, and seriously sum up the experiences of reform, the Chinese economists will surely make their own contributions to mankind.

LIAOWANG Commentary on 1993 Economic Reform

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["Yearend commentary" by staff reporters: "Discussing in Breadth and Depth China's Economic Reform and Development in 1993"]

[Text] Sustained Economic Construction, Rapid Growth, and Extensive and Profound Changes in Economic Life

In October 1993, NIHON KEIZAI SHIMBUN pointed out in a lengthy article: "The Chinese economy is 'expanding' in the middle of a world depression. This has not only produced crustal changes within China, but is beginning to produce a strong impact outside the country."

On 17 November, Chancellor Kohl told journalists before concluding his visit to China: "It is obviously a country that has awakened. Its economy is developing in a spectacular way."

In 1993, China's economic development has maintained its momentum of rapid growth. Statistics show that the Chinese economy has been growing at double-digit rates for 23 months running since Comrade Xiaoping made his remarks during his inspection tour of South China. The economic growth rate for the year 1993 is expected to be around 13.3 percent, and annual GNP is expected to exceed 3 trillion yuan.

At the end of the year, news from various parts of the Chinese countryside is that apart from cotton, major agricultural products such as grain and oil-bearing crops have all seen good results.

In 1993, our country's opening up to the outside world has continued to develop in depth, in diverse spheres and in all directions, and has exhibited even greater vigor.

At present, areas totaling nearly 500,000 square km have been opened up to the outside world. Some 320 million people live in these areas. A Public Security Bureau spokesman announced in Beijing on 12 November that the State Council had recently approved the opening up of a further 134 cities and counties to the outside world. This increases the number of open cities and counties to

1,053. Foreigners with valid documents are free to travel to these places without having to apply for separate travel permits.

On 15 November, customs sources said that effective 31 December, China would reduce tariffs on another batch of products (in other words, China voluntarily announced tax cuts on imported goods). It is understood that this tariff readjustment involves 2,898 items of dutiable goods, including some raw materials in short supply in China and machinery and equipment that are in great demand. After this 8.8 percent cut, the "arithmetic average" of Chinese tariffs will drop to 36.4 percent. Reportedly the State Council's aim in reducing tariffs of its own volition is to "promote the liberalization of world trade and promote the merging of the Chinese economy with the world economy."

On 22 November, the responsible person of the State Council's Special Economic Zones Office pointed out: The work of consolidating development zones has been brought to a temporary close. According to consolidated statistics of 26 provinces and municipalities, the number of unauthorized development zones established by local governments at and below the provincial level totaled 2,050. After consolidation, only 470 remain. These plus the 100-plus state-sponsored economic and technological development zones puts the total number of development zones at 600. He expressed this hope: True development zones should aim for top-notch world standards and truly "prosper."

According to the State Science and Technology Commission, 52 high and new technology development zones have been established across the country. Their cumulative income over the past four years amounted to 42.9 billion yuan. Total output value was 33.8 billion yuan, and profits and taxes amounted to 6.2 billion yuan.

Foreign investment in China has shown signs of rapid growth in 1993. Actual import of foreign capital amounted to \$9.4 billion in the first six months, with a further increase of \$5.6 billion in the third quarter. Import of funds for the year is estimated to be nearly double the 1992 figure.

The development of Shanghai in general and Pudong in particular attracted worldwide attention in 1993. It is understood that by the end of October 1993, foreign investors from 44 countries and regions had established 3,031 foreign-funded enterprises and shareholding companies in Shanghai, with investment totaling \$6.124 billion. The development of the economic belt along the Chang Jiang Basin subsequent to the economic takeoff of Shanghai and Pudong has also aroused universal attention.

In spring, the Eighth National People's Congress [NPC] and Chinese People's Political Consultative Conference met in Beijing and the "socialist market economy" affirmed by the 14th CPC National Congress was written into the Constitution. This provides a fundamental guarantee, in the form of state law, for China's economic

structural reform. The target of establishing a socialist market economy has fueled the enthusiasm of the people in town and country, and has become a driving force for the development of production this year.

This year's economic construction involves two most spectacular capital construction projects. First, preparations for the Three Gorges Project—the relocation of residents and the construction of preliminary cofferdams—have been unleashed in an all-round way. Sources say that this huge project, which involves a static investment of 500 billion yuan, 17 years of construction and a total installed capacity of 17.68 million kw, will go full steam ahead next year.

Second, railroad construction will continue to be accorded top priority by the central authorities. Construction of the "Beijing-Kowloon Railway" is in full swing. It is reported that more than 120,000 workers from 16 engineering bureaus under the Ministry of Railways and from local railroad construction units are taking part in the construction of this 2,370-km project. By December, 88 km of bridges, 8 km of tunnels, 213 km of main-line single tracks and 40 km of side tracks had been completed. Construction of the whole project has seen swift and satisfactory progress. On the basis of a successful first battle, there should not be any problem realizing the goal of "completing the track-laying in three years and finishing up the project (and opening the railroad to traffic) one year afterward."

The development of production has brought about an improvement in the people's livelihood. Statistics for the third quarter show a further increase in the income of urban and rural inhabitants. After allowing for price rises, the living expenditure income of urban inhabitants was up 12 percent and that of rural inhabitants was up about 5 percent.

China's urban and rural markets have continued to "bloom" in 1993. According to statistics, at the end of October, total retail sales were 968.7 billion yuan, up 22.4 percent (from the same period last year, and the same below), or 9.3 percent after allowing for price rises.

The living standards of urban inhabitants have seen steady improvement. According to the Economic Research Center under the State Planning Commission, food consumption by Chinese urban inhabitants has reached average international standards. Their consumption of clothing, articles of everyday use and durable consumer goods has also reached or surpassed the average for middle-income countries. The amount of durable consumer goods possessed by urban inhabitants has reached the level of Japan in the seventies, meaning that China has achieved a modest level of prosperity ahead of schedule. In Lhasa alone, 80 percent of households have color television sets. This percentage is higher than that in France. Total personal consumption of gold in China ranks first in the world.

Another indicator of the profound changes in economic life is that the word "market" has become one of the

most oft-repeated words in China in 1993. The number of topics around the concept of "market" that have sprung up in China's economic construction and reform that has become a miracle in world economic history.

Comrade Deng Xiaoping told foreign guests back in 1979 that socialism can also operate a market economy. In present-day China, the scope of the "market" deployment of social resources is rapidly expanding, while the scope of "control" of the planned distribution of capital goods is steadily shrinking. The birth and gradual perfection of the rolled steel market, the coal market, the nonferrous metal market, the timber market and other markets have put an end to the situation where the state has highly centralized and unified control over everything. Small commodities markets and farm produce markets are developing like a prairie fire. Even the China National Nuclear Corporation has followed the footsteps of China's aerospace industry and started edging its way into the international market. While strictly adhering to international standards regarding "the peaceful utilization" of nuclear energy, China has begun exporting nuclear power technology to Pakistan and Iran, signed cooperation agreements on the peaceful use of nuclear energy with 12 countries, and established ties of exchange and cooperation with many countries and regions.

Reform promotes development, and development is conducive to the promotion of reform. Against the background of an ample supply of commodities and an increase in people's incomes, price reform that has a direct bearing on the public interest has also been making big strides forward in a peaceful atmosphere. Some economists point out that although the year 1993 has seen the expansion of investment and inflation, it has also seen the number of commodities controlled by the state slashed to less than 30 from 722 in the past. To them, it was "beyond one's wildest dreams" that the price reform could have succeeded in such a basically smooth manner.

According to a survey of 1,539 households in the three cities of Beijing, Tianjin and Shanghai between 15 August and 10 September by the authorities concerned, 54.5 percent of residents have their own consumption plans and panic buying of the magnitude seen in 1988 would be unlikely even if prices were to go still higher. The reasons given by respondents are as follows: 1) Price hikes occur regularly. "Panic-buying works for a short time, but you cannot panic-buy all your life." Experts say that this is because "the tolerance level of the public has been greatly raised." 2) With ample supplies on the market, there is no need to panic-buy. 3) Some people say they have a small income and do not have the money to panic-buy. 4) People believe that the state will take measures to curb soaring prices. 5) People have basically purchased all major durable consumer goods and there is nothing more to panic-buy. 6) There are many other popular avenues of investment, such as shares and bonds.

The abolition of grain coupons can best illustrate the point. For more than 40 years, grain coupons were the most important of the various negotiable instruments next to the renminbi. However, in the past dozen years or so it seems that in an instant grain coupons have changed from certificates with no specific price to a "second renminbi" for exchanging for eggs, and then ceased being used. Since 1992, some provinces have declared grain coupons "invalid." In 1993, the Beijing People's Government also announced that grain coupons would no longer be used. The invalidation of grain coupons in Chinese cities, including Beijing, has not led to social unrest. Chinese grain coupons have been withdrawn from circulation into the hands of collectors. It is understood that coupons for grain, meat, cotton, cloth, eggs, sesame paste and other commodities have aroused the keen interest of collectors both at home and abroad. A set of seven grain coupons issued in 1982 is said to be fetching as much as 100 Hong Kong dollars in the Hong Kong negotiable instruments market.

There are also problems in the sphere of consumption. In the first half of the year, total investment in fixed assets showed an increase of 61 percent compared with the same period of last year, and of this, 40 percent has already been turned into consumption means. However, consumer services for urban inhabitants continue to be "lacking" in one way or another, primarily in housing, schooling and the installation of telephones. Some experts regard the unduly high level of spending by urban inhabitants on durable goods and gold ornaments as an abnormal phenomenon.

Another abnormal phenomenon of social consumption is: While education expenses have become an increasingly heavy "burden" on most parents, the so-called "elite schools" that charge exorbitant fees are flooded with enrollments. While more than 4.4 million families have housing problems, "garden villas" have mushroomed and more than 50 million square meters of commercial housing are still waiting for buyers. According to some experts, the following description best epitomizes this kind of blind consumption: There is a 29-inch colour television in the middle of a room 10 square meters in size. "Skin renewal cream" costing nearly 100 yuan a bottle is selling like hot cakes, but what people get for their money may be a face full of pimples....

The Positive Results Achieved by the Macrocontrol Measures Prove That Macroeconomic Control Is an Integral Part of the Market Economy

In early 1993, economic "overheating" became a worrying phenomenon: The prices of "hot items" such as automobiles, rolled steel, aluminum and timber kept "escalating" and there was serious hoarding.... This signal reflects that the scales of investment and credit have exceeded the tolerance level of resources. This, coupled with the increasingly chaotic financial and real

estate markets and the construction of development zones, has seriously threatened the healthy development of the Chinese economy.

In order to put an end to this abnormal situation, the State Council adopted emergency and necessary macro-control measures in June and appointed Vice Premier Zhu Rongji governor of the People's Bank of China.

This important personnel arrangement by the State Council and the "16-point decision" promulgated by the CPC Central Committee in June have been regarded at home and abroad as the starting point of the drive to consolidate the financial order and implement macro-control measures.

The strengthening and improvement of macroeconomic control has formed an important aspect of economic development in China in 1993. Facts have proved that the swift and decisive approach in consolidating the financial and economic order and the implementation of resolute, prudent and effective macrocontrol measures are essential in resolving some of the pressing problems that have cropped up in economic development.

This is best illustrated by the gradual "cooling" of the 1993 real estate and development zone craze. After the 1992 "boom," real estate and development zones finally entered a stage of sober and healthy development in the summer and fall of 1993.

We visited the Chang Jiang Delta in January 1993. There are so many "development zones" there that it is perhaps not too exaggerated to say that they are practically adjoining. The inland provinces also refuse to be seen lagging behind, and "development zones" have also been set up one next to the other in many places. In order to engage in property development and the construction of development zones, it is necessary to obtain land, build houses and attract investment. With cities and counties vying with one another to build houses and "attract investment," some local governments are competing to slash their land prices. In view of this situation, the State Land Administration had to appeal for greater foresight on the question of land prices.

As property development overheated, real estate agents also mushroomed. With the emergence of this "boom," many of the malpractices of the old economic structure again revealed themselves to the full: Leaders of some units who had nothing to do with property development were using public funds to buy land and property.

Huge amounts of funds rushed from the inland provinces to the property sector in the coastal areas, and the inflow of funds "forced up" land and property prices in these areas. Seeing the escalation of land and property prices, more units and people pumped money into the property sector.

What was particularly worrying was that many financial units also became heavily involved. Sources say that some local banks "allocated" funds entrusted to their

care to their own "three-property (san chan 0005 3934)" enterprises, or directly engaged in the buying and selling of shares and property. Some engaged in inter-bank borrowing in violation of financial discipline....

The "impulsive" development of real estate, development zones and capital construction is bound to "push" the prices of building materials up. In early 1993, the prices of rolled steel, cement and glass went up by 110 percent, 290 percent and 100 percent respectively compared with early 1992. The sharp increase in the prices of building materials touched off a new round of hoarding. Since it was difficult to purchase rolled steel, cement and glass following the price hikes, inferior building materials flooded the market and foreign supplies brought in by huge freighters from across the miles were "queueing" at Chinese ports waiting to be unloaded. Many key state projects could not start work as scheduled because building materials were not to be had....

The blind development of infrastructure and processing industries made all the more glaring the already irrational contradictions in China's existing economic structure; transport, energy and power supply were all hard pressed; foreign exchange reserves were on the decline; the value of the renminbi took a plunge on foreign exchange swap markets.... All these inevitably led to another sharp increase in the prices of consumer goods. In the first quarter of 1993, the rate of inflation was 11.1 percent for the whole nation and 15.7 percent in 35 big and medium-sized cities.

Because of this, alarms signals were rung in May and June 1993 on the economic front, particularly the financial front:

The lack of cash for the purchase of summer grain meant that more "white slips" were likely to be issued; urban and rural savings registered a sharp fall; "green slips" involving huge amounts were issued in postal remittance; enterprises faced a shortage of circulating funds; the ratio of the provisional funds of banks (the ratio between surplus reserves and deposits) showed an obvious decline; the financial order was chaotic; unauthorized financing, inter-borrowing and appropriation of funds reached "a stage of insanity," with unauthorized interbank borrowing amounting to hundreds of billions of yuan....

It was under such a pressing situation that macrocontrol measures were introduced.

Jiang Zemin had this to say when he relayed to the democratic parties the spirit of Document No. 6 of the CPC Central Committee on 30 June: The economic situation in the first half of this year has been excellent on the whole, but contradictions and problems have also emerged, and some of these are quite glaring. He emphasized that while the reasons for these contradictions and problems were manifold, the fundamental reason was that the economic structure had not been properly straightened out.

Jiang Zemin also pointed out in particular: "The market economy not only does not reject macroeconomic control, but must have a perfect and effective macrocontrol system."

On 1 July, General Secretary Jiang solemnly pointed out in his speech marking the founding of the CPC that efforts must be made to strengthen party discipline in economic work. "He who does not make plans for the whole situation will be unable to handle the problems of a single area; and he who does not make long-term plans will be unable to solve immediate problems." "Those who ignore the interests of the whole ... must be subject to strict disciplinary action."

The XINHUA NEWS AGENCY carried Vice Premier Zhu Rongji's speeches at the National Conference on Financial Work on 5 July and 9 July. The gist of his speeches is as follows: We must "seize the opportunity to speed up development while ensuring stability and avoiding losses, particularly huge losses. We must seize the opportunity, treasure the opportunity and make good use of the opportunity." "The strengthening of macroeconomic control does not mean all-round retrenchment. What it means is that we should carry out structural readjustment." "The present rapid development is healthy on the whole, and problems encountered in the course of advance can be resolved through the acceleration and deepening of reform." "Tackling the problems of 'bottlenecks' is a pressing task at present. The state will make readjustments in the use of funds in accordance with its industrial policies." "Finance is the economic lifeline of the state. The Central Committee has decided to proceed from the consolidation of the financial order in resolving the problems encountered in economic development." Zhu Rongji urged leaders in the financial sector to strictly enforce orders and prohibitions, and emphasized that those who failed to do so would be seriously dealt with. He also emphasized that this time the Central Committee was applying a "partial brake" rather than a "complete brake."

In July, Vice Premier Zou Jiahua also discussed, on two separate occasions in Beijing, the main problems of the loss of macrocontrol in property development. He said: Some localities have been overstepping their authority in granting land use rights or allowing different departments to grant land use rights. The illegal transactions in state-owned land have resulted in the abnormal development of real estate. Land has been leased out, but its development and use have been severely delayed (or, as it is colloquially put, the land which is marked out simply lies idle under the sun). The random pricing of land on lease has given property speculators opportunities to exploit, as a result of which huge proceeds from state-owned land have ended up in the hands of "speculators." There are too many real estate companies and insufficient means of control over them, which has led to loss of control over real estate enterprises. The irrational investment structure and the construction of excessive

numbers of up-market hotels, office buildings and resort villas have also seriously affected the normal use and working of state funds.

The timely introduction of macroeconomic control has hit home on many major problems. With the local party committees and governments resolutely implementing the decisions of the Central Committee, the macrocontrol measures have quickly produced initial results.

On 30 August, Zhu Rongji announced at the Third Plenary Session of the Eighth NPC that initial success had been achieved in the consolidation of the financial order in line with the correct decision of the party Central Committee and the State Council. He also pointed out in particular that in resolving the contradictions in economic and financial work, the fundamental way out lay in deepening the reform and seizing the opportunity to carry out financial reform.

In the course of establishing a socialist market economy, people have gradually deepened their understanding of how to handle the relations between the market mechanism and macroeconomic control.

On 11 November, the Third Plenary Session of the 14th CPC National Congress opened in Beijing under the watchful eyes of people at home and abroad. During the session, General Secretary Jiang Zemin further summed up the work of macroeconomic control in 1993.

He pointed out: "Macroeconomic control by the state and the role of the market mechanism are both intrinsic requirements of the socialist market economy. The two are unified and complementary; they promote each other." "Facts have proved that the measures taken by the party Central Committee and the State Council to strengthen and improve macroeconomic control are entirely necessary and correct."

These remarks by General Secretary Jiang at once summed up the work of macroeconomic control carried out by the Central Committee this year and showed the enhancement of our party's understanding of the market economy. Macroeconomic control is an integral part of the market economy.

The "50-Point Decision" Adopted by the Third Plenary Session of the 14th CPC Central Committee Outlined Socialist Political Economy With Chinese Characteristics

Like the Third Plenary Session of the 11th CPC Central Committee, the Third Plenary Session of the 14th CPC Central Committee, which met from 11 to 14 November, was a "milestone" in China's course of reform. The session adopted a 50-point decision, fully endorsed the task of establishing the socialist market economy proposed by the 14th CPC National Congress, and set the basic framework of China's future course of market-oriented reform.

Under the personal direction of Comrade Deng Xiaoping and adhering to the ideological line of seeking

truth from facts, the Third Plenary Session of the 11th CPC Central Committee broke through the confines of "taking class struggle as the key link" on the basis of the integration of theory and practice for the first time, snifted the focus of the work of the whole party and the whole nation onto the course of economic construction, and ushered in a new period of socialist construction.

Under the guidance of Comrade Xiaoping's theory of building socialism with Chinese characteristics, the 14th CPC National Congress, on the theoretical plane, for the first time broke free of the ideological fetters which had long seen the planned economy as an innate characteristic of socialism and put forward the great concept of establishing a socialist market economy. The Third Plenary Session of the 14th CPC Central Committee gave embodiment to the objectives and principles put forward at the 14th CPC National Congress, mapped out the overall plan for the socialist market economy, and proposed the program for the gradual transition from a planned economic structure to a socialist market economic structure.

In May this year, the Political Bureau of the Central Committee decided to establish a group for drafting the documents of the Third Plenary Session of the 14th CPC Central Committee. With the Central Financial and Economic Leading Group (headed by Jiang Zemin) at the helm, 16 investigation groups comprising several hundred people from the Central Committee and some of the provinces and cities were dispatched to various parts of the country, where they conducted surveys on 16 topics, such as the transformation of the operational mechanism in state-owned enterprises, and wrote investigation reports totaling several million characters. The Political Bureau also instructed the drafting group that they should take as their guidance Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and pay attention to the following four principles: While having a fairly comprehensive overall plan, it is necessary to tightly grasp the prominent contradictions and problems confronting us in our reform and development and make breakthroughs in key areas. While embodying the general laws of market economy and absorbing and assimilating the successful experience of other countries, it is also necessary to reflect the essential characteristics of the socialist system, sum up our own practical experience and proceed from China's own national conditions. While reflecting the pressing need to seize the opportunity to speed up the establishment of the new system, it is also necessary to take into consideration the fact that the establishment and perfection of a new structure involves a development process and is progressive. While striving for a high ideological and theoretical standard, care must be taken to make sure that the document is able to guide practical work and is easy to implement.

The draft went through repeated revisions between May and September, and the fifth draft was completed on 28 September. This draft was sent to the various provinces,

municipalities and autonomous regions and various central ministries and commissions for comments. Later, the opinions of the various democratic parties and the Central Party School were also sought. It is understood that more than 270 major changes were suggested by comrades. The document was formally submitted to the plenary session for deliberation on 11 November. During the four-day session, another 30-plus changes were made.

The 50-point decision adopted by the Third Plenary Session of the 14th CPC Central Committee was born against this general background after repeated deliberation and revision. It took us only a year between the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee to come up with a framework and a specific program for establishing the socialist market economy. This was a major breakthrough both in theoretical and in practical terms. The decision adopted by this plenary session may be considered socialist political economy with Chinese characteristics, the continuation and development of scientific socialism and Marxist political economy, and another great contribution made by the Chinese Communists in exploring the socialist road.

Comrade Jiang Zemin delivered an important speech at this plenary session. He pointed out: We can all see that the market mechanism is playing an increasingly more important role in China's economic life. However, the fact that reform is lagging behind in certain spheres is affecting the establishment of the new structure and the healthy development of the national economy.... We cannot stick to the beaten track of extensive operation by blindly going after output value and expanding the scale of investment.... It is true that we have many difficulties before us, but these have to be resolved through the deepening of reform....

Jiang Zemin emphatically pointed out: "Admittedly the basic framework for the socialist market economic structure outlined by the decision of this plenary session still needs to be tested and continuously perfected in the course of practice. Nonetheless, it can still help increase our foresight in guiding the work of reform and make reform more effective."

The decision of the plenary session has aroused the attention of the whole world. Some foreign dispatches commented: The Third Plenary Session of the 14th CPC Central Committee has mapped out a grand blueprint for turning the Chinese economy into a socialist market economy before the end of this century.... China with its 1.2 billion people has become the world's center of growth and is playing the role of locomotive in Asia. If all goes well, China may become one of the largest economies in the world in the next century.

Combine Package Reform With Breakthroughs in Key Areas, Seize the Opportunity To Push the Reform Into the "Stage of Final Assault"

China achieved tremendous successes in its economic restructuring in 1993. The implementation of the macrocontrol measures of the Central Committee and, in particular, the promulgation of the "50-Point Decision" of the Third Plenary Session of the 14th CPC Central Committee, suggest that reform has entered a new stage when package reform will be combined with breakthroughs in key areas.

The year 1993 has seen a decisive step forward in the price reform: Beginning in May, 90 percent of counties (or cities) deregulated their selling prices for grain and oils. Also liberalized were the ex-factory prices of rolled steel and of coal under unified central planning. Partial readjustment was also made in the price of crude oil. Direct pricing by the state accounted for only 5 percent of total retail sales in society, 10 percent of farm produce sold by peasants, and 15 percent of the sales of capital goods. The weighting of products subject to mandatory planning in industrial output value dropped to only about 5 percent.

China began practicing a new accounting system on 1 July this year. Foreign dispatches described this as an important milestone in China's drive to "close ranks" with the world economy.

In the reform of the housing system, China has also made a quiet but firm step forward in 1993. Although the reform seems more sluggish in Beijing (central units in the capital), many localities have seen the gradual sale of public housing to individuals. Sources said: Since the cost of maintenance, management and construction has been going up swiftly, the original reform program of "progressive raising of rents by small increments" had trouble putting an end to the "dilemma" of revenue not being able to cover expenditure. It is understood that proceeds from the sale of public housing have been reinvested in the construction of new units. In 1993, the sale of commercial housing has shown a 55.6 percent growth over 1992. However, informed sources also pointed out that in the sale of public housing, care must be taken to oppose corruption and guard against the emergence of power factors.

According to the party Central Committee and the State Council, China is now in a position to make breakthroughs in key areas while spurring the overall reform.

A gratifying situation has emerged in China's reform since the Third Plenary Session. At the National Conference on Economic Work which met in Beijing in December, Jiang Zemin emphasized the need to seize the opportunity to speed up the pace of reform, opening up and modernization in order to initially establish a socialist market economic structure before the end of this century. Centering around this theme, the National Work Conference on Economic Restructuring, the National Planning Conference, the National Financial

Work Conference, the National Economic and Trade Work Conference, and the National Conference of Heads of Branches of the People's Bank of China were subsequently convened in Beijing to discuss reforms of the planning, economic, monetary, financial and other systems. The year 1994 is expected to be a year of all-round advance in China's reform program.

In the reform of the economic structure, the reform of state-owned enterprises is the focus of the focus.

The Decision of the Third Plenary Session of the 12th CPC Central Committee on the Reform of the Economic Structure points out that the reform should have as its focus the invigoration of enterprises. The invigoration of state-owned enterprises, particularly large and medium-sized state-owned enterprises, is of immense significance. State-owned enterprises occupy a dominant position in industrial production in China. They are the economic lifeline of our country, and are also a major source of revenue. They are also principal employers of workers, as well as the foundation of our market economy. Their condition naturally has a direct impact on economic development and the ultimate establishment of a market economy in our country.

However, the invigoration of large and medium-sized state-owned enterprises is easier said than done, as enterprise reform is a formidable process. From the time decisionmaking power was first delegated to the lower levels in the early stage of reform to the promulgation of the "Decision on Changing the Operating Mechanism of State-Owned Enterprises," the Central Committee, the local authorities and the large and medium-sized state-owned enterprises have all done a lot of exploratory work. However, these efforts have produced limited results and many enterprises have not been "invigorated."

The "50-Point Decision" adopted by the Third Plenary Session of the 14th CPC Central Committee pushed the reform of state-owned enterprises to a new stage. Its major measure, namely the "promotion of a modern enterprise system," involves the establishment of a modern enterprise system which caters to the needs of the market economy, a system based on scientific management where property rights, powers and responsibilities are clearly defined and where the government does not directly interfere with the managerial activities of enterprises. This will be the basis for the establishment of the socialist market economy.

The establishment of a modern enterprise system is a natural requirement in the development of socialized mass production and a market economy. It is the direction of China's enterprise reform, and covers three major aspects: First, the establishment of enterprises as legal entities; second, the establishment of a system of limited liability; and third, the establishment of a scientific enterprise organizational system.

This arduous and complicated undertaking requires the accumulation of experience and the creation of the

necessary conditions, and should be conducted step by step. At present, it is necessary to continue to implement the Enterprise Law and the "Regulations" on changing the management mechanism of industrial enterprises owned by the whole people, and to extend to enterprises the various rights and responsibilities pertaining to their management.

For state-owned enterprises, it is useful to experiment with the corporate system. However, introduction of the corporate system does not simply mean a change of name. The important thing is the shifting of mechanism. Enterprises that do not have the necessary conditions cannot be arbitrarily turned into corporate entities. Only a small number of them can be turned into publicly listed limited-liability companies.

The specific tentative plan is as follows: The small number of large enterprises that are making good profits, are highly efficient in management and are in accord with the state's industrial policies should be directly reorganized into limited-liability shareholding companies with the state holding controlling or partial shares. The majority of competitive enterprises that are in accord with the state's industrial policies should be organized into limited-liability companies funded by the state and other legal entities. Companies that turn out special-category products should be turned into limited-liability companies solely funded by the state. Small state-owned enterprises in general may also be reorganized through such methods as leasing, contracting, sale, and lease-purchase, or turned into shareholding cooperatives. State-owned enterprises that have long been performing poorly and producing unmarketable goods, have more liabilities than assets and cannot be reorganized through other means must be declared bankrupt in accordance with law.... These measures represent a major breakthrough in both theoretical and practical terms.

At the end of 1993, the head of the State Economic and Trade Commission disclosed at the National Economic and Trade Work Conference the following plans for the shifting of mechanism in 1994: Steps will be taken to implement to the letter the 14 types of operational autonomy and responsibility in 10,000 large and medium-sized state-owned enterprises, and to complete the work of inventory-taking. "Monitoring committees" will be dispatched in groups and stages to 1,000 key enterprises with a vital bearing on the national economy and the people's livelihood to monitor their state-owned assets. Further, 100 large and medium-sized state-owned enterprises of different categories will be selected for the trial implementation of the modern enterprise system.

At present, apart from planning to systematically reorganize the organizational and managerial structures of state-owned enterprises in accordance with the "corporate system," the state also plans to make a "major move" in the reform of the financial and taxation systems. It is understood that this will be "one of the tasks in the reform of the state macrocontrol system next

year." This will include the following three tasks: First, replace the existing financial contract system with the revenue-sharing system; second, unify the income tax rate for all types of enterprises and introduce a system of turnover tax with value-added tax as the mainstay; and third, reform the taxation system.

It is learned that nine localities are currently experimenting with the "revenue-sharing system."

In the reform of the financial system, the main task is to establish as quickly as possible a central banking system which will independently implement state monetary policies under the leadership of the State Council, and strive to turn specialized banks into commercial banks through the organization of policy-lending banks, thus separating the policy-related and commercial businesses of the banking system. In the reform of the investment system, the main task is to define investment entities and their scope of responsibility in accordance with different spheres of investment, and gradually establish a risk responsibility system for corporate investment and bank credits.

In addition, the 1994 reform program will also involve the further improvement of the market system. The state will further push forward the price reform and try to eliminate the "dual-track pricing system" for capital goods. In market development, the state will put the emphasis on the financial, labor, property, technology and information markets.

In addition, the State Economic and Trade Commission has, in accordance with the Decision of the Third Plenary Session of the 14th CPC Central Committee, drawn up a "program" for the strengthening of economic regulation and control in 1994.

There Are Numerous Difficulties, But the Future Is Bright

China has achieved tremendous successes in economic restructuring and economic development in 1993, but there are still many problems that deserve our attention.

According to the State Statistical Bulletin published by the XINHUA News Agency, the following are the major problems in our economic life: First, investment in fixed assets is growing too swiftly. In the first three quarters, investment by state-owned units totaled 401.5 billion yuan, up 66.4 percent. Second, price levels have been soaring. Average price hikes were registered at 12 percent at the end of October, or 18.9 percent for 35 large and medium-sized cities. Third, enterprises are generally short of production and circulating funds. Some less-competitive enterprises have not been doing well in sales. These enterprises are confronted by growing inventories and mounting debts. Fourth, since little improvement has been made in the conditions of agricultural production, and since the income gap between urban and rural inhabitants is widening and the peasants are not very enthusiastic about farming, the problem of rural employment is becoming more and more serious.

Unfair distribution and development opportunities have worsened. Apart from the fact that the gap between town and country and between east and west is widening, the income gaps between different ownership systems and different industries within the same locality are also widening. This not only affects people's choice of jobs, but has also produced a huge "flow of personnel" who are solely motivated by prospects of a higher income. This has produced drastic changes in the original employment "hierarchy" (which is not an entirely bad thing).

Reform is also faced with some problems that are worthy of attention. Some economists pointed out that reform in 1994 would be "the final assault." In order to avoid detours and costly lessons, it is necessary to maintain a good economic environment. Experts also pointed out that since some of the new reform measures introduced this year or next year were directed against administrative organs and key departments, whether or not the leading cadres of the organs concerned were willing to resolutely bid farewell to old traditions would have a vital bearing on the success of the reform. Some experts also believed that as China's reform had reached a great depth, even reformers themselves had to be highly aware of the need for reform. With major reform measures for 1994 about to be introduced, it is necessary to guard against conscious or unconscious attempts by vested interests to distort the reform.

The appeal made by these experts is: China's reform has entered the most arduous and challenging as well as the most promising stage of final assault. We must do well in this stage.

"Reform has its dangers and difficulties, but we can succeed if we work hard."

With Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics providing the guidance, and with the people of the whole country unifying their thinking and actions, sharing weal and woe and working arduously around the party Central Committee headed by Comrade Jiang Zemin, China's reform and development will definitely have a bright future.

Having already written a brilliant history, we will definitely be able to create an even brighter future.

XINHUA 'Letterbox' Explains Property Rights
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[XINHUA Letterbox: "What Are Property Rights?"]

[Text] Beijing, 5 Jan (XINHUA)—The property rights theory was forwarded in Western economics during the 1930's. The discipline of property rights theory and law developed very rapidly in 1960's, forming various schools of thought in property rights as the Western nations attached great importance to it. Currently,

although property rights theory has moved toward maturity and is widely used, theoretical circles in the West have yet to establish a unanimous, complete, and uniform standard for an exact concept of property rights. China began to practice the property rights concept in 1980's but our economic circles were similarly not totally unanimous on the concept and its understanding. In particular, the argument that property rights amounts to ownership created misunderstanding in property rights theory.

Although there is not unanimity on the concept of property rights currently practiced in enterprise reform, the general opinion is that property rights is a concept derived from ownership. It is a legal form based on property ownership to reflect the rights, interests, and duties of principal investors regarding their property. Under normal circumstances, property rights are related to operating assets and the amount of capital injected by principal investors into enterprises. Once a principal investor has injected capital into an enterprise, he possesses the corresponding property rights of the enterprise by law, and becomes a principal owner of the enterprise's property rights.

Property rights must consist of two fundamental functions. First, they must possess the power and function of profit sharing, or the profit function for short, that is, the right to share part of the profits realized through the application of property in business operations. The economic significance of property rights lies in profit-making. Of course, there are different ways to represent and realize profits for different types of property rights. For example, in property organizations under the shareholding system, the profit shareholders realize from their property rights is reflected in dividends, and the profit of corporations is reflected in the right to control the use of undivided profits (generally for re-investment) for upgrading corporations' earning capacity, thereby raising operating income, workers' wages, and other benefits, as well as accelerating corporations' development. Second, they must enjoy controlling power, that is, the principal to property rights shall not, within legal limits, be subjected to any interference in his right to control assets, particularly profits.

The right to profit and right to control constitute complete property rights arising from the production and exchange of commodities. A principal is a principal of independent status to property rights only when he possesses these two powers simultaneously.

Property rights and ownership are not one concept. Property ownership determines the ultimate ownership of things and shows a principal's right to the monopoly of such things. It possesses the characteristics of exclusiveness, origin, and comprehensiveness. The exclusiveness of ownership indicates that, by law, the ownership of things can only belong to one principal. Of course, this principal can be a natural or legal person.

In market economy, major features of property rights are:

1. A principal of property rights possesses the characteristics of an economic entity, which generally has the following three characteristics: First, it must own a definite amount of assets for participating in social reproduction. The ultimate legal ownership of assets does not necessarily belong to the entity. Second, it must directly participate in society's reproduction activities. Third, it should possess its own independent economic interests, and its main goal of participating in society's profit-making economic activities is to produce the greatest possible benefit for itself.

2. The property rights movement is independent. The independence of the property rights movement means that once property rights are established, the principal may utilize the rights within legal limits to seek the greatest possible benefits for itself, and shall not be interfered with by other principals at will. A principal may possess many property rights, but a specially designated property right can belong to only one principal.

3. The property rights system is divisible. In a developed market economy, due to the development of a credit system, property value is separated from the value generated by its utilization. Different principals may exercise control over different forms of property so as to separate the ownership of unitary properties and allow them to be owned by different principals.

Personnel Reform Said To Put People First

HK2101072494 Beijing CHINA DAILY in English 21 Jan 94 p 4

[By staff reporter: "Personnel Reforms To Put People First"]

[Text] Economic reform is conducted by people for people. And no matter what, all the economic packages will affect ordinary folk in the end.

China's plan to establish a socialist market economy is no exception.

This year, the State will speed up its efforts to transform its role in economic management.

This means China will establish a modern corporate system, a nationwide open market, a more reasonable distribution of income and a multi-layered social security system.

However, these efforts cannot succeed without complementary personnel reforms. China is already moving in this direction, said Personnel Minister Song Defu recently in Outlook magazine.

Administrative organizations under the State Council and provincial governments are to develop a civil service this year, he said.

And the few that don't should be encouraged to pursue open and fair competition in personnel management.

The enrollment of low-rank civil servants should be done through examinations.

Song revealed the State is now drafting regulations governing the exams and the employment and rating of civil servants.

Wage

He warned not to confuse government institutions and administrations in the civil service as the two will have different wage systems.

Song said relatively independent institutions should make their own decisions on personnel affairs, using various methods including public bidding to select their staff.

All government institutions should try to support themselves and stop receiving State aid, Song said.

As for institutions that rely on full State subsidies, such as those engaged in basic research and education, a subsidy quota should be set regardless of the number of employees. This is designed to improve efficiency.

Song said managerial and technical personnel should sign contracts with enterprises to clarify their rights and responsibilities.

The salary packages should suit the actual conditions of enterprises, institutions and administrative organizations.

State enterprises may decide employees' wages for themselves according to the supply of labour and demand for jobs, provided that the growth rate of their payroll is slower than growth of their economic returns.

Social Security

He went on to discuss the multilayer social security system which he said would cover unemployment benefits and pensions. This system should be gradually established, first in government departments and institutions.

The State, institutions and individuals should all pay for the system, instead of the State paying alone.

Song said that various types of social security system should be tested in different regions.

Talent Market

On the establishment of a talent market, Song suggested it should play a bigger role in the transfer of personnel.

But the market must be regulated by laws governing personnel flow, Song said. These will be enacted later this year to ensure the smooth operation in the market and protect the rights of both individuals and enterprises.

The State should encourage talented people to work for key State projects.

Daily Interviews Vice Labor Minister

HK2001113894 Beijing RENMIN RIBAO in Chinese
17 Jan 94 p 2

[Report on interview with Zhu Jiazhen, vice minister of labor, from the "Random Talk on the Rural Economy" column by staff reporter Liu Xianri (0491 7639 2480); place and date not given: "How is Rural Work Force Heading for the Market?—Zhu Jiazhen, Vice Minister of Labor, Comments on Building the Rural Labor Market"]

[Text] The huge transregional movement of rural labor force is one of the most magnificent [zhuang guan 1104 6034] phenomena arising from reform and opening up in our country.

The prosperity along the coast and the development in the interior has inevitably been accompanied by massive migration.

Even though this type of movement has been relatively well organized in some localities, generally speaking, it is still in a disorderly state. The Third Plenary Session of the 14th CPC Central Committee proposed building a labor market. How can we help the building of the rural labor market proceed in a healthy manner and enable the rural work force to move onto the normal and orderly track? I recently interviewed Vice Labor Minister Zhu Jiazhen on this issue.

The Job Problem Existing in the Rural Areas is a Necessary Element of the Market Economy

Zhu Jiazhen thought that our country had already established a rudimentary labor market, which is nevertheless still in its initial stage of growth. The growth of such a market is not proceeding at the same rate in different regions and enterprises. Particularly in the vast rural areas, the building of labor market has just begun.

For more than four decades, the state basically has not thought about the problem of jobs for the surplus rural labor force. Listing the rural labor force as part of the unified resources of the labor force in society when pondering policy decisions is a thing which has emerged only in the past few years. It is also a requirement for the development of the market economy.

He said that, in fact, our country's rural labor force currently stands at 450 million people, 74 percent of the total labor force in society. There are approximately 1.4 billion mu of farmland in rural areas throughout the country, as well as some reserve land resources. According to a comprehensive analysis based on the current level of agricultural productive forces in our country, these lands can be operated well by 200 million laborers at most. In recent years, along with the development of secondary and tertiary industries, such as

township and town enterprises in rural areas, approximately 110 million rural laborers have been absorbed, but there are still 100 million surplus laborers who have nothing to do. Most of these people live in the major grain- and cotton- producing areas and the economically undeveloped areas in central and western China. If this surplus labor force is not organized and guided to move in a steady and orderly manner, the contradiction between many people and little land will intensify, and this will seriously hinder the broad masses of peasants from improving their living conditions. Inevitably, there will be many problems.

Our country's task of shifting the rural labor force is still very difficult, however, and the duty of building a rural labor market is even more arduous. Judged from our country's current development speed and analyzing according to prevalent international practices, the task of reasonably shifting the large number of surplus rural labor force cannot be accomplished in five or 10 years; it is a huge project which transcends the centuries.

Attention Must Be Paid to the Difficulties Caused When Rural Laborers Seek Jobs in Other Localities

In discussing the difficulties and problems associated with building the rural labor market, Vice Minister Zhu Jiazhen thought that first, the system of providing employment services for the surplus rural labor force must be perfected. For various reasons, many laborers are still not included in the service network; quick access to information is not available; the avenues for providing services cannot meet the demand; some localities are still characterized by the tendency of resorting to administrative measures; and some localities lack a rational structure. Second, there are no venues for training the rural labor force, and, even though some localities provide such vocational training, they cannot do so on a regular basis, and other corresponding service systems fail to catch up. Take the problem of insurance in rural areas as an example; some insurance systems are based on households and have yet to be expanded to include individual laborers. In addition, various services, which face the market, lack the necessary funds and policy support, to the extent that the service methods of market service systems are still in the primitive state of oral introduction and that corresponding file management and information processing systems have not been established. This does not meet the development needs of the labor market. As for the means of macro regulation and control, effective ways of meeting the needs of the labor market have yet to take shape, and macro regulation and control is lagging behind the cultivation and development of the labor market.

The above-mentioned problems make the outward migration of the rural labor force chaotic and disorderly; in particular, before and after every spring festival, large "tides of laborers" take shape, concentrate, and flow, causing great pressure on railways, stations, piers, and other modes of transportation, having repercussions on

cities and bringing about a series of social problems. Individual job seekers also suffer serious losses.

Zhu Jiazhen thought that the phenomenon of "tides of laborers" reflects inadequate job opportunities in the rural areas, the inability of the current employment management system to cope, and especially the lagging behind of the building of the labor market in the rural areas. Trends show that, for a certain time to come, transregional rural labor migration will expand even further. Therefore, when we uphold the principle of developing local economies to enable a large number of laborers to change jobs in their own localities, we must earnestly improve labor market mechanisms and perfect market regulations, order, and corresponding management, service, regulatory, and control means, to make the transregional flow of labor force an orderly one. This will remove the negative effects of the "tides of laborers" and will open up smooth channels for rural laborers seeking jobs in other localities.

Establish a New System of Employment and Implement the Plan for Coordinating Employment in Urban and Rural Areas

In discussing the goal of building the rural labor market, Zhu Jiazhen pointed out that the country must form a basic system to manage the transregional migration of labor as it adapts to the market economy—as well as a market information system and a service network—to enable the major regions with larger scales of inward and outward rural labor flows to achieve an orderly migration. The outward flow should be organized, the inward flow should be managed, the flow itself should be serviced. There should be means of regulation and control, as well as diverting measures in case of emergency.

In order to improve and perfect the rural labor market, the Labor Ministry recently proposed a three-year first-phase "plan to coordinate employment in the urban and rural areas." The plan will be implemented nationwide, and it targets the major areas with inward and outward labor flows, including the developed coastal areas such as Guangdong, Fujian, Shandong, Zhejiang, and Jiangsu and the municipalities of Beijing, Tianjin, and Shanghai; it also targets those areas with relatively large volumes of outward labor flows, such as Sichuan, Anhui, Hubei, Hunan, Guangxi, Guizhou, Jiangxi, Henan, Hebei, and Gansu.

According to Vice Minister Zhu, in this project, efforts will first be made to sum up and promote Guangdong Province's experience in coordinating with the work force-exporting provinces in order to divert the "tides of laborers." Efforts will also be made to grasp the work in diverting laborers during the spring festival of 1994, and a preliminary set of plans and emergency measures will be formulated to divert the "tides of laborers." The second step is to establish labor market regulations and a system for managing the employment of outside laborers in the major work force-importing areas and to establish a system registering job seekers who leave the work

force-exporting areas for other localities. A nationwide unified basic system will be established on this base. Third, to establish a labor market information exchange center in Guangdong, accomplish the building of a labor market information exchange center incorporating the three major regions of south, east, and north China, and form a system to collect, handle, and disseminate labor market information centering on various major work force-importing areas. The urban and rural employment service agencies in the work force-importing areas should thoroughly open up to the rural labor force, and the development of urban and rural employment service agencies and various kinds of nongovernmental service organizations should be promoted. By 1996, the key areas should be able to basically ensure orderly labor flows. Thereafter, the scope of implementation should expand from the key areas to the entire country, so as to thoroughly implement the basic transregional labor migration system.

SHICHANG BAO Comment on Migrant Labor Carried

HK2101143894 Beijing RENMIN RIBAO in Chinese 7 Jan 94 p 4

[Report: "SHICHANG BAO Carries Article on Ways To Prevent the Haphazard Rush of Surplus Rural Labor to the Cities"; first three paragraphs are RENMIN RIBAO editor's note]

[Text] Beijing, 6 Jan (RENMIN RIBAO)—On 18 December last year, this paper carried, across the top of the front page, a report on the "program for coordinating employment in urban and rural areas" tabled by the Labor Ministry to solve the problem of "migrant workers." Today we have reprinted a commentary on the problem published by SHICHANG BAO [MARKET DAILY] in the hope of calling public attention to the matter.

The "rush of peasants job hunters to the cities" stems from the imbalance in social economic development and also shows that rural labor is moving toward the market. The present problem, however, is that the spontaneous rush of surplus rural labor to the cities has been very haphazard and has brought great pressure to bear upon the departments responsible for transportation and urban management, causing much inconvenience for those peasants who are going to work in urban areas and causing a waste of labor in circulation. The departments concerned must do a good job in diverting and protecting the rush of surplus rural labor to the cities.

The plan for organizing an orderly transregional migration of rural labor put forward by the Labor Ministry sets the principal requirements as follows: "The transfer of labor to other regions should be well organized; labor that is transferred from other regions should be well managed; labor circulation services should be provided; and the circulation of labor should be properly regulated and controlled." This plan, which tackles the problem

head-on, is a positive measure for solving the haphazard flow of surplus rural labor. The departments concerned should do their utmost to coordinate their efforts and make a success of their organizational and propaganda work so as to effect an orderly transfer of surplus rural labor.

SHICHANG BAO published today carried a reporter's commentary entitled "When Will There No Longer Be a Haphazard Flow of Surplus Rural Labor?" The commentary analyzed the present state of migrant workers and stressed the need to channel the increasing "rush of peasant job hunters to the cities" onto a normal course—specifically, to promote and achieve a rational and orderly flow of surplus rural labor.

According to the commentary, recently a large number of peasants have been gathering around Chongwenmen in Beijing every day, resulting in the formation of a spontaneous "labor market," where employers can choose the laborers they need. Many peasants, however, failed to find a job in half a month. A survey has shown that migrant workers currently number 20 million nationwide. They primarily are rushing to the economically developed regions, including the Zhujiang Delta, the Changjiang Delta, Beijing, and Tianjin from Sichuan, Hunan, Guangxi, Guizhou, Hubei, and other inland provinces. Surplus rural labor is currently estimated at 130 million. This reveals a serious level of insufficient employment in rural areas. Because "many peasants spend three months doing farm work, one month celebrating the New Year, and eight months idling about"—which is a saying that truly portrays the plight of many peasants—they are choosing to work in the cities. But some peasants fail to get a job because they do not have quick access to information or are up against keen competition. Making a futile journey and then failing to find a job causes them economic losses and mental anguish. In the meantime, the practically simultaneous rush of a large number of peasants to a few cities puts extremely great pressure on transportation and other basic industries, which are already considerably burdened, and also makes urban administration and construction more difficult.

The commentary pointed out: Allowing for the transregional flow of the comparatively surplus rural labor is an effective way to develop and tap labor resources in rural areas and to give jobs to peasants as well as an important method of transferring surplus labor. Broadly speaking, this practice is in line with the law governing economic development. What matters is that the rush of job seekers must be rationally guided and controlled so as to promote what is beneficial and what is harmful. Some experts predicted that there will be more than 10 million migrant workers in the period around the Spring Festival, because the underlying factors that have caused the rush will still be there. Guangdong has formulated a set of effective measures to alleviate the desperate situation. In 1992, Guangdong established transprovincial (transregional) labor coordination relations with nine provinces (autonomous regions) including Sichuan, Hunan,

and Guangxi to organize transprovincial (transregional) labor transfer in an orderly way. This has enabled them to gradually effect an orderly migration of this huge population. In 1993, the number of new migrant workers coming to Guangdong only accounted for 5 percent of the total migrant workers in Guangdong and represented a 70 percent decrease over the 1992 figure.

The commentary stressed: To put the increasing "rush of job seekers" onto a normal course and to promote a rational and orderly flow of surplus rural labor, it is necessary to formulate fundamental rules and regulations and to form an information system and a service network which are suited to the market economy to facilitate transregional labor flows. From a long-term point of view, the basic ways to standardize transregional labor migration and eliminate the negative effect of the rush of peasants seeking jobs, are to promote the development of rural labor and create more job positions in rural areas by developing the range and quality of agricultural production, developing township enterprises, stepping up the construction of small towns, and developing tertiary industry in townships and towns.

First Employment 'Hot Line' Service Reported
HK1701010094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 16-22 Jan 94 p 8

[By Wu Zhe: "Job Hot Line May Be Answer"]

[Text] Tired of wandering aimlessly and fruitlessly on the job market? Just dial 1601155—everything is at your fingertips.

The 160 Wonder Information Centre, an employment hot line, has been helping job hunters since last August.

As a branch of the Beijing Tonke Information and Technology Development Company, it is the first such service in China.

"Station 160 is now known as 'know-all' in Beijing," said Mei Nan, an official of Tonke.

People who want to find a new job or change professions can phone the station, explain their needs to an operator, and get the needed information in just a few seconds.

An individual's resume and an enterprise's brochure can be stored in the station's "Wonder" computer network. Registered individuals and companies also can go to the station to search for information directly.

The computer contains background information on more than 400 companies and 6,000 job seekers.

The job hot line is a joint venture between the Beijing Telecommunications Administration and Wonder Information Centre, a private enterprise.

The Tonke Company, an arm of the Beijing Telecommunications Administration, also manages seven other

160 branch stations plus a comprehensive station offering a wider range of services.

"Even some big names such as Stone Computer Company and the Holiday Inn Lido Hotel are registered here," said Li Guige, executive chief of the station.

The service operates daily for 14 hours, from 8:30 am to 10:30 pm, and can handle 500 calls each day.

The job-finding information stations and the comprehensive station are serving the public well. In Beijing, for example, about 34 percent of the people registered have said the hot line helped them find a satisfying job.

According to the latest statistics, sales promoters are most in demand—more than 50 percent of the registered enterprises want to fill such positions.

People skilled in computer sciences, secretarial work and public relations also are eagerly sought.

Of the people registered with the hot line, 28 percent have graduated from a university, and 4 percent have double bachelor's degrees.

"We aim to attract senior managers and scholars to enter our network, such as scientists at the Chinese Academy of Sciences and famous professors at Beijing University," Li said.

More Locally-Funded Civil Airports Built

OW2001181894 Beijing XINHUA in English 1407
GMT 20 Jan 94

[Text] Guangzhou, January 20 (XINHUA)—A number of civil airports are being built in central and south China with locally-raised funds, which will greatly push forward the regions' economic development.

Some 30 civil airports, which will cost more than 20 billion yuan in all, are now either being built, or soon to start building, in central China's Henan, Hubei and Hunan provinces and south China's Guangdong, Guangxi and Hainan.

Seven of them will become operational this year or next.

Nine other airports have been built in central and south China since the country started to carry out the policy of opening up and reform in the late 1970s.

In addition, military-turned-civil airports were enlarged to alleviate the pressure on the Chinese aviation industry.

These changes are due to reforms of the investment system concerning airport construction.

In all the airports, local funds account for the bulk of the investment, which used to be entirely provided by the central government. Local authorities managed to collect construction funds through land leasing, shareholding system, overseas funds and international loans.

To date, 25 civil airports are operational in central and south China, with 137 international and domestic air routes. About half of the 24 Chinese cities which have opened air routes to Hong Kong are located in the region.

Work on Longest Strait Bridge Begins in Guangdong

OW2001181794 Beijing XINHUA in English 1435
GMT 20 Jan 94

[Text] Shantou, January 20 (XINHUA)—Work on Nanao Bridge, which will be the longest cross-the-sea road bridge in China, started today here in south China's Guangdong Province.

The four-lane bridge, which will be 12 km long—8.5 km across open sea—will connect Nanao County, 160 nautical miles from Taiwan, with the continental part of Shantou, one of the earliest opened-up areas in China.

The bridge is part of the effort of Shantou to catch up with the four "little dragons" in Asia—Taiwan, Hong Kong, Singapore and the Republic of Korea—within 20 years.

The bridge and underwater pipes which will carry fresh water to the island county will cost 1.2 billion yuan.

New Laws To Protect Mineral Resources 'Essential'

HK2101072094 Beijing CHINA DAILY in English 20
Jan 94 p 4

[By staff reporter: "New Laws Essential To Curb Waste in Mining"]

[Text] It is time the central government set up tough legislation to protect the nation's mineral resources from random exploitation.

Minerals are part of the nation's wealth, but China is getting inadequate return from mining because of the industry's traditional management and benefit distribution system.

Under the old system, mining enterprises were deemed to own the minerals they dug out.

There was no need for them to pay the State anything so they were left to enjoy the fruits of any profits they made.

Even now, to get easy cash, some enterprises abandon mines once they have dug out the most accessible minerals.

Meanwhile, others dig where they please leading to a further waste of the nation's resources.

The old mining system cannot satisfy consumption when the national economy is growing fast.

And despite China seemingly having abundant mineral resources, the amount per head is less than half the average world figure.

Mining enterprises, instead of relying on government funds, should try to fund exploration for new ores themselves.

Licence

The problems in the industry are now so grave that a new management system and legislation must be drawn up.

The new system should make fresh mineral resources the property of the State and mining enterprises should apply for licenses to the government before digging starts. In addition, they should pay the State for the use of mines.

It is also essential that mines improve their equipment and technology if they are to avoid further wasting mineral resources. Only a new management and benefit distribution system can ease the industry's growth, improve the supply of raw materials and so boost manufacturing in the socialist market economy.

National Conference on Agricultural Work Reported

Minister Discusses Rural Reform

OW2101005894 Beijing XINHUA Domestic Service in Chinese 0843 GMT 7 Jan 94

[By reporters Pu Liye (5543 4539 2814) and Zhao Lianqing (6392 6647 1987)]

[Text] Beijing, 7 Jan (XINHUA)—Minister of Agriculture Liu Jiang emphasized the necessity to promote rural economic development by deepening reforms and adopt reformative measures to solve new problems during the course of establishing a socialist market economy.

Liu Jiang said at a national conference on agricultural work here: In order to further deepen rural reform to cultivate markets, all localities should seriously explore the following this year:

—It is necessary to accelerate the reform of the circulation system and the construction of markets for agricultural products. Beginning this year, the state will adopt a series of policies and measures to promote reform of the agricultural product circulation system, with emphasis on reform of the grain purchase and marketing system. All localities and agricultural departments should step up investigation and study and promote the implementation of these policies. The emphasis in building markets for farm products should be put on the wholesale markets and on making the central wholesale markets, regional wholesale markets, and urban and rural farm product markets become gradually better coordinated. All localities should integrate the implementation of the "shopping basket" program with the development of wholesale

markets for selected farm products in production areas. At the same time, it is also necessary to build wholesale markets for agricultural and sideline products in marketing areas. In addition, all localities should actively explore the cultivation and construction of markets for production elements. In particular, attention should be paid to building a rural workforce market to ensure a rational and orderly workforce flow.

—It is necessary to promote an integrated operation of trade, industry and agriculture. The integrated operation of trade, industry and agriculture is an inevitable trend of agricultural development and rural economic development. When an agricultural institution runs an economic entity, it should do all it can to become an integrated trade-industry-agriculture operation. It should constantly expand its area of service and set up various stations and workshops to serve farming households. In running village and town enterprises, particularly those processing agricultural and sideline products, we should develop integrated trade-industry-agriculture operations and set up economic associations and enterprise groups featuring strong industries, famous-brand products, or backbone enterprises. We should popularize development by letting market forces guide production bases and linking production bases with farming households, and we should gradually develop one socialized service for regionalized crop cultivation, specialized production, and integrated operation. In short, we should develop various forms of integrated trade-industry-agriculture organization to link the small-scale production of farming households with the big markets.

—It is necessary to perfect the basic rural operation system. The central authorities have decided to extend current agricultural land contracts for 30 more years and permit compensated transfer of the right to land use according to law. All localities and agricultural departments should provide good guidance in this regard. At present, we should pay attention to two problems. One is that we must not use any pretext to cancel or change the contracts before they expire. The other is that we must not arbitrarily increase fees for contractual operations, nor increase the peasants' burden in a disguised form. We should also promote timely reform of the animal husbandry system this year, with the emphasis on implementing the compensated grassland contract responsibility system.

—It is necessary to actively develop the rural share-holding cooperative system. The share-holding cooperative system is a new form of property right created by peasants in recent years. We should actively support it, provide correct guidance for it, and gradually standardize it.

—It is necessary to promote healthy development of the rural cooperative foundations. Agricultural management departments at all levels should, as always, guide and support the development of rural cooperative

foundations. Correct guidance should be provided to solve problems accompanying the development of some rural cooperative foundations. Existing regulations should be applied to govern the development of the rural cooperative foundations.

—It is necessary to accelerate the reform of state-owned agricultural enterprises. At present, state-owned agricultural enterprises generally have problems such as inflexible operational mechanisms, weakness in adapting to market demand, and low economic efficiency. We should increase the weight of reform. All localities should pay more attention to the central link—invigorating operational mechanisms—and enhance the self-development and ability to compete in the market of those enterprises. It is necessary to broaden the concept of reform in accordance with the requirements of the modern enterprise system, and to take greater steps to reform the system of property rights. In reform of small enterprises which operate on small profits or even losses, we should boldly introduce the leasing system, reorganize them into shareholding cooperative firms, or sell them through auction. State-owned land reclamation enterprises should continue to stabilize and improve the agricultural operation system of "small farms within big farm." At the same time, they should actively practice the land lease system on a trial basis.

Liu Jiang also emphasized: To meet the needs of deepened rural reform, we should enrich the contents of the experiment on rural reform experimental zones, properly readjust their geographical distribution, and do an even better job in integrating experimental reform with economic development.

Chen Junsheng Addresses Closing

OW2101061594 Beijing XINHUA Domestic Service in Chinese 1405 GMT 8 Jan 94

[By reporters Pu Liye (5543 4539 2814) and Zhao Lianqing (6392 6647 1987)]

[Text] Beijing, Jan 8 (XINHUA)—Speaking at a national conference on agricultural work, which ended today, State Councillor Chen Junsheng stressed: It is critical to comprehensively carry out economic structural reform this year. The State Council will announce a number of major reform measures one after another, which are important steps in establishing a socialist market economic structure. To ensure their successful implementation, the entire party, from the top to the bottom, must make joint efforts, and governments at all levels and the vast numbers of cadres and masses in the agricultural system should focus closely on this central work of the State Council, proceed from its general interests in everything they do, and carry out the party's rural policies in a down-to-earth manner. They should earnestly improve agriculture, carry out rural economic work, and strive to accomplish this year's production tasks to create a favorable environment for reform.

Chen Junsheng pointed out: A prominent problem in our work for many years has been that policies are not implemented or are distorted in the course of implementation. This is particularly true in the case of policies affecting the immediate interests of peasants and policies supporting and protecting agricultural production. There are both structural causes and causes related to awareness and work. Structural causes must be gradually resolved through in-depth reform. However, a large amount of facts indicates that the problem is largely rooted in awareness and work. In many instances, structure cannot be blamed for our failure to implement policies. The causes must be found in subjective factors, namely, whether party and government leaders at various levels truly regard policies as the party's lifeline and whether they have firmly established the idea that agriculture constitutes the foundation. Without a profound understanding of the problems facing rural areas, agriculture, and peasants, they will lack initiative and a sense of responsibility in policy implementation. Whether or not we can successfully implement the party's rural policies is a matter of party spirit. All localities and departments must ensure successful implementation of central policies without obstruction.

Chen Junsheng said: Steadily increasing peasants' income and the effective supply of agricultural produce is a strategic issue affecting the prosperity and development of the national economy. To increase peasant incomes more rapidly, we must proceed from the overall interest of developing the entire economy and earnestly implement the various principles and policies adopted by the party and state for the countryside. From now on, gradually improving peasants' living standards and increasing their income by every possible means will be made an important norm in the performance evaluation of cadres at all levels. We must judge the work of a locality not only by the amount of grain produced but also by the amount of the peasants' income increased.

Speaking of this year's agricultural and rural work, Chen Junsheng asked all localities to carry out the following tasks in a down-to-earth manner:

1. We must never relax grain and cotton production. We must not treat grain production lightly at any time. We are a large country where conditions differ from one area to another. If we misstep on this issue, no one can help us. Cotton production has declined for two years in a row. From now on, we must use any and all means to maintain adequate crop acreage and work hard to restore our total cotton output to normal levels.

2. We must use the market as our guide to vigorously develop "three-high" [high technology, high foreign exchange earnings, and high efficiency] agriculture. While ensuring a steady increase in grain and cotton production, we should let peasants freely adjust their agricultural structure and develop "three-high" agriculture. To this end we must successfully build well the demonstration zones designated by the central authorities for developing a type of farming that provides high

yields of fine quality with maximum efficiency. Provinces could also designate a number of provincial-level "three-high" agricultural demonstration zones.

3. We must continue our efforts to promote the construction of vegetable basket projects in various parts of the country. Large and medium-sized cities shall maintain a fixed proportion of vegetable fields in the suburbs based on the distance to the city proper. Vigorous efforts should be made to develop vegetable crops, livestock breeding, and fishing. Steps should be taken to further enliven circulation and stabilize market supply. The State Council will soon hold a vegetable basket project conference to focus on resolving problems of vegetable supply around the Spring Festival and during next April or May, the slack season.

4. We must vigorously develop town and township enterprises. Whether peasant incomes will increase in a sustained way in the next several years still hinges, to a large extent, on the rate of growth and efficiency of town and township enterprises. These enterprises must stress "internal management" and spend more efforts on improving their standards, quality, and efficiency.

5. We must persistently carry out the work of supervising and controlling burdens on the peasants. Central and

provincial departments concerned must screen, in accordance with the law, documents and projects that will affect the peasants' burdens. Strict control should be exercised and no projects should be undertaken without prior screening and approval to prevent eliminated burdens from "bouncing back." At the same time, localities should continue to implement the central policies and laws and regulations on reducing peasant burdens and should remove burdens from peasants accordingly.

Chen Junsheng also stressed: Agricultural departments should earnestly change their functions and mentality, expand their field of work, and strengthen regulation and control. They should promote reform and pay attention to policy while taking care of production and technology; they should concern themselves with the production process and at the same time take care of procurement and marketing to link them with production.

At the meeting, the Ministry of Agriculture commended 80 advanced units and 300 advanced workers who made outstanding contributions to the control and prevention of bollworms in 1993.

Responsible persons from relevant State Council departments attended today's meeting.

East Region

Anhui Secretary Notes Reform of Planning System

OW2101190894 Hefei ANHUI RIBAO in Chinese
29 Dec 93 p 1

[By reporter Ni Yimin (0242 0001 3046) and correspondent Yu Dahao (0151 1129 1170): "Do a Good Job in Microeconomic Regulation and Control To Create Conditions for Deepening Reform—Lu Rongjing and Wang Yang Speak on Issues Concerning the Reform of the Planning System"]

[Text] "On the basis of summarizing this year's experiences, planning committees at all levels in our province should do a better job of microeconomic regulation and control to create conditions for the smooth launching of various major reform measures next year." At a provincial meeting on planning work, provincial party Secretary Lu Rongjing made the above remark while hearing reports given by responsible comrades from the provincial planning committee. Wang Yang, member of the Standing Committee of the provincial party committee and vice governor, also gave a speech at the meeting.

Lu Rongjing pointed out: As a result of microeconomic regulation and control, our province realized sustained, rapid, and healthy development in its economic and social undertakings this year. Not only did cadres at all levels and the broad masses of people understand and support these undertakings, but the CPC Central Committee and the State Council also fully endorsed our achievements. Planning committees at all levels had a lot to do with these achievements.

In speaking on planning committees' work next year, Lu Rongjing called for integrating the CPC Central Committee's guidelines with Anhui's actual situation in three areas. He said: First, we should study the new environment and the new situation, be in control of the intangible but dynamic changes of the market environment, make good forecasts, and continue to improve Anhui's microeconomic regulation and control to promote our province's economic development, especially development in agriculture and village and town enterprises. Second, we must pay closer attention to the key projects in our province so as to expand the chances for Anhui's economic development. Third, planning committees themselves must become more successful to accommodate the new situation.

Lu Rongjing said emphatically: The basic way to solve Anhui's problems in economic development lies in reform. The reform measures to be launched by the CPC Central Committee will involve all quarters. In addition to the reform of the planning system, all other reforms are related to planning committees. While quickening the pace of reform, we must advance firmly and steadily to make substantial progress and ensure the smooth launching of all supplementary reform measures.

While holding discussions with planning committee directors at the prefecture, city, and county levels and with leading cadres of major enterprises, Wang Yang pointed out: While enforcing the central authorities' microeconomic regulation and control, we have further defined local authorities' responsibilities by delimiting their rights, responsibilities, and benefits. Because of this, local authorities have in a way become more capable of regulating the economy, and this will help central and local authorities to bring their initiative into play. Planning committees must work hard to solve problems—problems which have arisen in development—through reform and must bring about sustained, rapid, and healthy economic development in Anhui.

Wang Yang urged planning committees in our province to intensify their reform of the systems governing investment and interbanking loans, and to blaze a new trail in the rapid raising of capital. We should first draw up regulations, properly divide up responsibilities, and define powers for managing investment for infrastructure, competitive projects, and public welfare services. We should start this work next year and perfect the regulations when we do the job. After the investment system has been reformed, we should do everything possible to open more channels for raising capital. We should also manage well state-owned fixed assets, better manage the inventories of enterprises which are in better shape, and save a group of enterprises which is in distress.

Anhui Sees Increase in Taiwan Investment

OW1901085794 Beijing XINHUA in English 0829
GMT 19 Jan 94

[Text] Hefei, January 19 (XINHUA)—East China's Anhui Province has seen continued increase of investment from Taiwan companies since 1986, according to a provincial government official.

Zhuge Ren, director of the provincial Taiwan Affairs Office, said that Taiwan firms have invested a total of 374 million U.S. dollars in Anhui since the first Taiwan-funded company was set up in 1986.

In 1993 provincial authorities approved 192 new Taiwan-funded businesses, up 35 percent over the year before. The province now has 370 such businesses, Zhuge said.

Government statistics show that more than 180,000 people of Anhui origin now live in Taiwan, while 230,000 residents of Anhui are relatives of Taiwan residents.

"The scale of Taiwan investment has been increasing over the past two years," Zhuge Ren said.

Today, 100 Taiwan-funded companies involve an investment exceeding one million U.S. dollars each and 40 such companies involve an investment of at least three million dollars each, he said.

Taiwan companies used to invest only in such labor-intensive industries as shoemaking, garments and plastics processing, he said.

But now, more and more Taiwan companies are investing in high-tech and capital-intensive industries such as electronics, computers, telecommunications, chemicals, machine building, building materials, electrical appliance, real estate, tourism and transportation industries, he added.

Zhuge said Anhui will further improve its investment environment and provide better services for Taiwan investors this year.

For example, a new company will be launched later this year to provide consultancy services for Taiwan companies with regard to trade, export and investment in building production facilities.

Fujian Governor Calls For Social Stability

HK1901042294 Beijing ZHONGGUO XINWEN SHE
in English 1356 GMT 12 Jan 94

[Text] Fuzhou, January 12 (CNS)—Governor of Fujian Province, Mr. Jia Qinglin, said at a meeting today that the province should pay attention to social stability in the new year.

Reform and stability were mutually dependent and they should follow the principle of realizing stability in the process of reform and development and he called for the strengthening of administration of public security.

Mr. Jia said that a special campaign should be organized aimed at cracking down on gang crimes, crimes committed by drifters and criminals inside the province operating with others elsewhere and by escaped criminals. Special security forces should be organized to hear cases committed by criminal gangs and robbers and hand down sentences as promptly as possible. Activities such as the distribution of pornography and the frequenting of prostitutes must be eliminated.

With regard to illegal emigration and the smuggling of people, Mr. Jia said that "snakeheads" running illegal smuggling of people must be cracked down on and control on them strengthened.

The governor also called for honesty among the province's leading cadres, saying that anyone found breaking the law will be dealt with mercilessly.

Jiangsu Improves Urban Infrastructure Facilities

OW1801025894 Beijing XINHUA in English 0212
GMT 18 Jan 94

[Text] Nanjing, January 18 (XINHUA)—East China's Jiangsu Province has concentrated on improving urban public facilities to meet the needs of its rapid economic growth.

Figures show that the 27 cities in the province spent a sum of 8.5 billion yuan on urban public facilities last year.

So far these cities have completed construction of seven million square meters of roads and streets, water supply projects with a daily capacity of 700,000 cubic meters, nine garbage treatment plants, and cooking gas projects able to supply 110,000 households.

Projects still under construction include a number of urban water supply projects, large gardens, and environmental protection and public transport facilities.

A provincial official in charge of urban public facilities noted that these projects will offer convenience for residents, improve the environment, and help the province to attract more foreign investment.

Jiangxi Economic Work Meeting on Tasks for 1994

HK1301063594 Kunming Yunnan People's Radio
Network in Mandarin 1100 GMT 6 Jan 94

[Excerpts] A provincial meeting on economic work opened in Nanchang this morning. The meeting's main objectives are to convey the guidelines set by the national meeting on economic work and the ninth plenary session of the ninth provincial party committee and to assign economic tasks for this year. Present at this morning's session were: Provincial Governor Wu Guanzheng; Vice Governors Shu Shengyou, Zhou Zheping, Zheng Liangyu, and Zhang Yunchuan; assistants to the governor Jiang Zhongping and Sun Yonghe; and Secretary General Zhu Yingpei. The morning session was presided over by Huang Zhiquan. Shu Shengyou briefed the participants on the guidelines laid by the national meeting on economic work and delivered a speech.

In his speech, Shu Shengyou first briefed the participants on the current economic situation and the main economic tasks to be carried out this year. He said: 1993 is a year in which the people of this province carried out in depth the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, deepened the ongoing reform, sped up development, and achieved great success in economic and other social undertakings.

Last year saw the widest margin of increase in major economic indexes ever achieved by the province since the beginning of reform and opening up. What is more, such growth was achieved on the basis of the high growth registered over the past consecutive years. The year 1994 will be an important year in which this province is to maintain the momentum of sustained, rapid, and healthy development as well as a crucial year in which we are to expedite reform aimed at establishing a socialist market economy.

This year, the guiding philosophy of economic work in the province is to uphold Comrade Deng Xiaoping's

theory on building socialism with Chinese characteristics and the party's basic line as the guide; to conscientiously implement the guidelines laid by the 14th CPC National Congress, the Third Plenary Session of the 14th CPC Central Committee, and the ninth plenary session of the ninth provincial party committee; to comprehensively expedite all the major reforms finalized by the central authorities; to appropriately handle the relationship between reform, development, and social stability; and to thus ensure a sustained, rapid, and healthy development of the province's economy while vigorously improving economic returns and optimizing the production structure and strive for general progress in all social undertakings.

Shu Shengyou pointed out: We must strive for progress on all fronts while seeking breakthroughs in certain key aspects, and we must make up our minds to achieve victory in the most difficult aspects of reform. He said: This year, our main tasks in reform are to speed up the establishment of a modern enterprise system, with a focus on the program to start pilot projects in one aspect and to strive for development in two others. With the reform of the national financial and taxation, banking, planning, and investment systems as a starting point, we are to push forward the reform of the macroeconomic regulation and control system and to expedite the transformation of government functions.

We are to vigorously develop a market of production elements, further nurture the market network, appropriately introduce all the supporting reforms—in particular step up the reform of the social security system—actively develop the individual and private economic sector, modify the ownership structure, do a good job in the reform of foreign exchange and foreign trade systems according to the state's centralized plan, further expand the process of opening up to the outside world, carry out in depth the reform of the rural economic structure, and establish a rural market economic operational mechanism full of vigor and vitality, among others. [passage omitted]

Shu Shengyou said: It is necessary to vigorously explore the urban and rural markets and make special efforts to develop and perfect the market system. It is necessary to speed up reform of circulation structure, invigorate the state-owned commodity circulation sector, give rein to the individual and private economic sector in the area of commodity circulation, and, in particular, encourage peasants to play a part in commodity circulation.

Shu Shengyou noted that it is necessary to do a really good job in finance and taxation, make every effort to increase financial revenue, pay attention to exploring new sources of taxes, further intensify control over tax collection, keep financial expenditures under strict control, improve budgetary management, and intensify the regulatory function of budgets.

Shu Shengyou demanded that the relations between reform, development, and stability be properly handled

and that appropriate arrangements be made to keep up the people's standard of living. It is necessary to carefully and meticulously map out a plan before introducing measures regarding price reform and to make every effort to keep the margin of price increases below the level as set in the plan. Governments at all levels and departments concerned must properly keep the prices of rice, foodstuffs, and fuel under control, with a view to pacifying the public and maintaining social stability. [passage omitted]

Also present at this morning's session were more than 700 people, including prefectural administrative commissioners; mayors of ordinary cities as well as cities that are separately listed in the state plan; directors of prefectural and city planning commissions, economic commissions, and commissions for restructuring economic systems; directors of local financial, economic and trade, commodity price, and taxation bureaus; principal persons-in-charge of all provincial departments; persons-in-charge at and above the deputy departmental head level from the provincial overall planning and economic departments; persons-in-charge of some institutes of higher learning; and participants in the ongoing provincial conference on finance and taxation.

Shandong's Intermediate Court Presidents Meet

SK1801080094 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 17 Jan 94

[Text] At the recent provincial conference of presidents of intermediate people's courts, Li Wenquan, deputy secretary of the provincial party committee, pointed out: It is necessary to comprehensively give play to the judicial functional role of the people's courts, maintain social stability in our province, and safeguard and promote the smooth progress of reform, opening up, and economic construction.

Li Wenquan said: The deeper we conduct reform and the more we develop the market economy, the more we need to improve the socialist democracy and the legal system and the more central the comprehensive judicial role of the people's courts becomes. Therefore, courts at all levels should further strengthen the guiding ideology of serving reform, opening up, and economic construction, comprehensively conduct all sorts of judicial work, enhance the consciousness of enforcing law strictly and manage things strictly in line with law. It is necessary to strengthen the building of ranks of court personnel and improve the quality of the ranks of judges. The party committees, people's congresses and governments at all levels should pay attention to, care for and support the work of courts and pay attention to helping courts solve practical difficulty in work and construction.

Yu Peigao, president of the provincial Higher People's Court, also gave a speech at the conference.

Shanghai Blueprints Program for Reform

OW1901062394 Beijing XINHUA in English 0605
GMT 19 Jan 94

[Text] Shanghai, January 19 (XINHUA)—The Shanghai Municipal Government has vowed to speed up the development of its market economy this year.

According to an outline worked out by the government, this, China's largest economic center will continuously develop and improve markets of various kinds, and set up a number of major enterprise groups in line with the modern enterprise system.

It will encourage its major state enterprises and heavy chemical works to co-operate with advanced key enterprises and trans-national corporations worldwide.

In addition, Shanghai is striving to find a new way to absorb foreign investment.

A municipal official noted that the metropolis will list a number of projects involving urban infrastructure for foreign co-operation. Included will be east China sea oil and gas, power generating, a subway, the Pudong international airport, a ring road and a garbage treatment plant.

A survey shows that the transactions of the 11 major markets in Shanghai surpassed 1,000 billion yuan-worth last year, and those of the foreign exchange swap market amounted to four billion U.S. dollars-worth.

The city approved the establishment of 3,650 foreign-funded projects involving contractual investment totalling seven billion U.S. dollars during this period.

Altogether, 28 foreign-funded banks have set up offices in Shanghai, as have over 30 foreign-funded financial organizations.

Shanghai Continues Progress Toward Market Economy

OW1901083294 Beijing XINHUA in English 0800
GMT 19 Jan 94

[Text] Shanghai, January 19 (XINHUA)—Shanghai, China's leading industrial city, is quickening its steps toward a market economy as eight more exchanges for production materials have been built in one year.

These markets trade in oil, coal, automobiles, grain and edible oil, machinery and electronic products, as well as chemicals and building and farming materials.

Together with the existing stock and metal exchanges, the ten markets scored a transaction volume totalling 1,000 billion yuan (115 billion U.S. dollars) last year, equal to two-fifths of China's gross national product in 1992.

Experts said that the markets, covering pillar sectors such as industry, agriculture, energy, finance and technology, will have an impact on the whole economy of the country.

The stock trading volume of the Shanghai exchange totalled nearly 500 billion yuan (57.5 U.S. dollars) in 1993, eight times the figure for the previous year. China now has two state-approved bourses, one in Shanghai and the other in Shenzhen.

Last year 21 million tons of non-ferrous metals changed hands on the Shanghai market, the second-biggest such trading volume in the world. The exchange, opened in May 1991, had a transaction volume of almost 400 billion yuan (46 billion U.S. dollars) last year.

These markets have not only adopted the membership and sound money systems, but have also taken to modern trading methods, such as public bidding and central clearing.

Meanwhile, these bourses are trying to develop futures trading in line with international conventions by drawing up regulations, training qualified brokers and employing computerization.

To serve the markets, various intermediary offices have sprouted up, covering accounting, auditing, consultancy and law.

Shanghai on Developing Modern Enterprises

OW1701023294 Beijing XINHUA in English 0220
GMT 17 Jan 94

[Text] Shanghai, January 17 (XINHUA)—The Shanghai municipal government will help reinforce major enterprises and enliven small ones this year, a local official in charge of enterprise reform said.

"It will encourage the more efficient enterprises to establish a modern enterprise system while eliminating those with backward operations and those in the red," he said.

Shanghai, China's leading industrial center, will establish 10 key enterprises which are expected to take over the management authority of state-owned assets from the state on a trial basis this year; select 10 enterprises to try out the modern enterprise system; and help 600 enterprises, accounting for two-thirds of the total state enterprises in the city, to shift their operational mechanism.

In addition, it will make an inventory of the stockpiles and capital of enterprises and create conditions for them to shift steadily to the modern enterprise system.

According to the official, 1994 is a key year for China to reform its taxation, banking, investment and planning systems and state-owned assets, and accelerate the establishment of a socialist market economy.

Shanghai To Boost Bioengineering

OW1701045894 Beijing XINHUA in English 0452
GMT 17 Jan 94

[Text] Shanghai, January 17 (XINHUA)—Shanghai, China's largest economic center, will make extra efforts to develop the biomedical engineering industry this year.

"Bioengineering is a high-tech industry which will develop rapidly across the world in the next century," Director of the Municipal Commission for Science and Technology Hua Yuda said.

An important base for China's pharmaceutical industry, Shanghai has about 30 research institutes and a dozen higher-learning institutions engaged in the study of bioengineering and medicine.

Its 70 pharmaceutical works produced five billion yuan-worth of bio-medical and pharmaceutical products last year.

According to the director, Shanghai will boost the bioengineering industry by deepening the reform of the managerial system of scientific research institutions and co-operating with overseas companies.

The municipal government will work out a package of preferential policies to encourage the establishment of key pharmaceutical enterprise groups and the combination of research institutions with production enterprises.

Shanghai Orient TV Station To Air Financial News

OW1801152894 Beijing XINHUA in English 1507
GMT 18 Jan 94

[Text] Shanghai, January 18 (XINHUA)—The first television financial news in China started today on the Orient TV Station here in China's biggest financial center.

It is in accordance with the requirement of the development of the socialist market economy and the future status of the metropolis as an international financial center, a station official said.

The program will cover the latest information about banking, futures trading, fiscal and real estate industries around the world and authoritative comments about operations on the stock exchanges in Shanghai, Shenzhen and Hong Kong, and money and housing markets in China.

It will also regularly air comments on operations of major banking, gold and futures markets in the world.

The global financial news will be provided by Dow Jones Telerate through a satellite network and the comments about the stock exchange in Hong Kong will be provided by Hong Kong-based Sun Hung Kai Securities Ltd.

Shanghai To Host International Exhibitions in 1994

OW1901163094 Beijing XINHUA in English 1521
GMT 19 Jan 94

[Text] Shanghai, January 19 (XINHUA)—Some 20 international exhibitions will be held this year in Shanghai, the leading industrial city of China.

The exhibitions will cover aviation equipment, medical facilities, building materials, tailoring machinery and commodities for daily use. The participants will be businessmen and enterprises mainly from other economically developed countries.

Zhang Renren, general manager of Shanghai International Exhibition Company which will organize all the exhibitions, said that these exhibitions will have great influence on the city's economy and also show that the city is attractive to the world.

Central-South Region**Guangdong Secretary Inspects Rural Areas**

HK1801123494 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 14 Jan 94

[Text] Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong Provincial CPC Committee, together with some comrades from the provincial party committee general office, the policy research office of the provincial party committee, and the policy research office of the provincial agricultural commission, conducted surveys in the rural areas of Nanhai and Zhongshan cities from 5 to 11 January. They attended forums with local people and cadres to sum up experiences in the development of the rural joint-stock cooperative system invented by local people and cadres.

Xie Fei believes that this joint-stock system with the right to use farmland pooled together, which is currently practiced in the rural areas of Nanhai and Zhongshan cities, is innovative and a great reform of the land management system and has pointed out a new road for relatively economically developed areas to deepen reform, stabilize agricultural production, develop the secondary and tertiary economy, and realize the integration of urban and rural areas.

Xie Fei reminded the cadres that they should pay attention to several points when introducing the joint-stock cooperative system for land management: first, they should not be impatient and must judge whether conditions for introducing the system are available in their localities before they go into action; second, they should show respect for the peasants' choices and will; third, they should monitor the development and give positive guidance where the system has been introduced and practiced, and they should never take a laissez-faire attitude; fourth, pilot projects can be launched in the Zhu Jiang Delta area first, and then the system can be

steadily popularized after more experience is obtained; and fifth, never should they resort again to the past practice of rushing headlong into mass action and that of egalitarianism and indiscriminate transfers of resources.

Guangdong Secretary on Promotion of Fine Arts
OW1801023194 Beijing XINHUA in English 0118 GMT 18 Jan 94

[Text] Guangzhou, January 18 (XINHUA)—South China's Guangdong Province, formerly regarded as a 'cultural desert', has made great efforts to boost fine arts to help it keep pace with the province's rapid economic development.

The reform and opening drive has made Guangdong an economic giant in the country. But its cultural development has long lagged behind, with pop music and vulgar video shows flooding this southern province.

To establish a better image, Guangdong has decided to elevate the fine arts, as stated by Xie Fei, governor of Guangdong Province.

Since 1991, the provincial government has stipulated that three percent of revenues from ballrooms, karaoke clubs and pop music concerts be collected as special funds for the creating and performing of serious and folk arts.

Subsidies are provided to performing troupes of serious music, folk song and dance, theater and local opera.

Recently, Guangdong has earmarked huge sums to host varied art festivals, build performing and exhibition halls and improve all kinds of arts facilities.

Frequent large-scale art festivals, such as the international dance festival, the international Guangdong opera festival, and the Guangdong art festival, have effectively promoted the fine arts and enlarged cultural exchanges with foreign counterparts.

The foundation of the Guangzhou music hall has been laid, with an estimated investment of 50 million yuan. Construction of the Guangdong museum, art gallery, and international Guangdong opera center is also speeding up.

A symphony fund and provincial ballet ensemble will be set up soon.

The common prosperity of both pop and serious, foreign, and folk artistic forms has greatly enriched the life of people in Guangdong and further cultivated and improved their tastes in serious arts.

Guangdong Denies Price Rises Caused by Tax Reform

HK1701110094 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 13 Jan 94

[Text] At the beginning of this year, some commodity prices rose in the province. Some people misunderstood that the price rises were caused by the new taxation system. On this issue, a person in charge of the provincial taxation bureau pointed out a few days ago that taxation system reform would not cause price hikes and that localities should take measures to stop the practice of raising commodity prices at will.

The person in charge cited some examples to explain this problem. The new taxation system preserves enterprises' previous tax rates. Apart from this, to reduce fluctuations resulting from taxation system reform, the state has worked out a necessary transitional policy. Therefore, it is groundless to think that the new taxation system has caused a new tax burden on enterprises or price hikes. Why did some commodity prices rise? This person said that some tax payers did not act properly and some people even purposely raised their commodity prices by taking advantage of taxation system reform. Therefore, the person in charge of the provincial taxation bureau hoped that people in all circles would supervise this malpractice and report it promptly.

Guangdong Simplifies Customs Formalities

OW1801050894 Beijing XINHUA in English 0500 GMT 18 Jan 94

[Text] Guangzhou, January 18 (XINHUA)—The customs bureau of south China's Guangdong Province has improved its inspection measures, speeding up entry and exit.

The electronic body scanners and luggage security checks in the main customs posts in Guangzhou, Kowloon and Jiangmen have given way to two new passages, known as the "red passage" and the "green passage".

Under the new rules, customs formalities for travelers going through the "red passage" take a maximum of three minutes, while passengers having nothing to declare can go through the "green passage" without examination.

According to the bureau, the new rules stipulate that random luggage examination will replace universal examinations.

Officials said that the measures, first tried out in the Luohu and Zhongshan customs of the province, have brought China closer to the established international practices in the field.

Starting January 20, the simplified customs formalities will be officially implemented in the province's customs posts at Guangzhou, Kowloon, Gongbei, Shantou, Wangpu, Jiangmen and Zhanjiang.

Statistics show that the daily number of travellers going through the province's customs has increased from less than 20,000 in the early 1980s to the current 200,000, some 80 percent of the country's total.

Guangxi To Launch Wage, Civil Service Reforms

HK1801101094 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 13 Jan 94

[Excerpts] According to a regional meeting on introducing a national civil service system and reforming the wage and salary system which closed today, preparations have been basically completed for introducing a national civil service system and reforming the wage and salary system, both of which are focuses of attention for the public in the region. Now, pilot projects have been started in some organs directly under the regional authorities selected to introduce a civil service system on a trial basis, and all local government organs and service organizations are expected to pay wages and salaries according to the new pay scale by the coming Spring Festival.

The main objectives of the current regional meeting on introducing a national civil service system and reforming the wage and salary system, which opened on 11 January, are to plan and assign personnel work for 1994, with the focus placed on reforming the wage and salary system; to step up the establishment of a civil service system, wage and salary system reform, and other reforms in the region; and to gradually establish a personnel administration structure which suits the socialist market economic structure.

Yuan Zhengzhong, a member of the standing committee of the regional party committee and executive vice chairman of the regional government, attended and addressed the meeting. [passage omitted]

In 1994, this region is to actively and conscientiously introduce the national civil service system. The region's aim is to build up a basic framework of the civil service system in three years and to gradually perfect this system thereafter. All service units must change their existing personnel administrative patterns; they should be distinguished from government organs in terms of administrative structure, personnel system, and wage and salary system; and they are to establish a personnel system with distinct characteristics which is specially designed for service units. Meanwhile, a modern enterprise personnel system will be gradually established as well.

In 1994, as far as the income distribution system is concerned, this region is to establish different wage and salary systems and normal pay-rise mechanisms corresponding to different characteristics of government organs and service units, and to introduce a series of reforms in such fields as social security and the human resources market.

Henan Governor Addresses Economic Work Meeting

HK1801123594 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 13 Jan 94

[Text] A provincial meeting on economic work opened in Zhengzhou yesterday morning.

During the meeting, Governor Ma Zhongchen confirmed that the general guiding idea for economic work in the province this year is to strive for overall development on all fronts, make breakthroughs at key links, speed up the establishment of the new structure of a socialist market economy, expedite development with reform, speed up development through opening up, adjust the production structure, improve economic returns, develop all economic sectors, explore new areas of economic growth, correctly handle the relationship between reform, development, and stability, and ensure sustained, rapid, and healthy economic development.

Vice Governor Fan Qinchun presided over yesterday's meeting.

Provincial party and government leaders present at the meeting were Li Changchun [provincial party secretary], Ren Keli, Song Zhaosu, Wu Guangxian, Zheng Zengmao, Song Guochen, Zhang Deguang, (Ma Jianzhang), Zhang Wenbin, Zhong Lisheng, Li Chengyu, Zhang Honghua, Yu Jiahua, Yao Zhongmin, Hu Shujian, and Yao Ruxue.

In his speech, Governor Ma Zhongchen first made a basic appraisal of the province's economic performance in 1993. He said that in 1993, inspired by the important remarks made by Comrade Xiaoping during his southern tour and the spirit of the 14th CPC National Congress, our province made new progress in reform and opening up and maintained a good trend of economic development. The province's GDP totaled 145 billion yuan, an increase of 15.2 percent over the previous year; gross industrial output value totaled 224 billion yuan [figure as heard], an increase of 25 percent; the sales volume contributed by industrial enterprises at and above township level totaled 142 billion yuan, an increase of 21 percent; gross agricultural output value totaled 61.5 billion, an increase of 9.8 percent; the gross output value of township and town enterprises totaled 195 billion, an increase of 62.5 percent; gross grain output exceeded 35 billion kg, an increase of more than 10 percent and hitting an all-time high; peasants' per-capita net income amounted to 660 yuan, an increase of 72 yuan; the province's financial revenue totaled 13.79 billion yuan, an increase of 32.5 percent; and the natural growth of population is expected to be kept beneath set limits as predicted, thus the strategic target of higher economic growth and lower population growth was reached.

Governor Ma Zhongchen then elaborated on the guiding idea for economic work and enumerated the main relevant tasks. He said that this year is important year for our efforts to speed up the establishment of a socialist

market economic structure, a year which will see overall progress on all fronts in reform, breakthroughs at key links, and the most vigorous enforcement of the coordinated reform package, and it is also a crucial year for our efforts to fulfill the goals set by the Eighth Five-Year Plan. The main targets of our economic work this year are for GDP to increase by 10 percent over last year, gross agricultural output value to increase by 3.5 percent, gross industrial output value to increase by 18 percent, foreign trade and exports to increase by 11 percent, local financial revenue to increase by 6.5 percent, the margin of increase in the volume of retail sales to be kept around 10 percent, and the natural rate of population growth to be kept below 11 per thousand, with the target set at 10 per thousand.

Governor Ma Zhongchen said: As far as the general planning of economic work this year is concerned, we are to promote development with reform, and the general program of reform is to strive for progress on all fronts with breakthroughs at key links. He particularly mentioned eight tasks: 1) Speeding up the establishment of a modern enterprise system and striving hard to improve the economic returns of industrial enterprises; 2) comprehensively carrying out reform of the finance and taxation system and making great efforts to explore more financial sources; 3) carrying out in-depth reform of the banking system and striving hard to raise funds and use funds in a more cost-effective way; 4) doing a good job in reform of the planning and investment system and strengthening and improving macroeconomic regulation and control; 5) speeding up reform of the foreign trade structure and expanding the process of opening up to the outside world more boldly; 6) speeding up the growth of a market system with the development of production factors markets as the key link; 7) establishing and perfecting the income distribution and social security system and ensuring a satisfactory living standard for the people; and 8) actively, steadily, and properly advancing price reform and keeping the general price level under strict control.

To conclude, Governor Ma Zhongchen asserted that as far as economic work this year is concerned, it is necessary to correctly handle the relationship between reform, development, and stability; the relationship between overall progress on all fronts and breakthroughs at key links; the relationship between the effort to bring the market's functions into play and the improvement of macroeconomic regulation and control; the relationship between the interests of the state, the collective, and the individual; and the relationship between the development of the two civilizations. By doing so, we will make new contributions to ensure good and rapid economic development in this province.

Hubei Puts Labor Exodus Under Control

OW1701004394 Beijing XINHUA in English 0034
GMT 17 Jan 94

[Text] Wuhan, January 17 (XINHUA)—The labor departments of Hubei Province in central China are

improving their service for the outflow of superfluous laborers and diverting them onto a correct track.

Hubei, a major agricultural province, has abundant extra labor. Last year nearly 800,000 rural people left their homes to hunt for jobs elsewhere.

To enhance labor management, an overall labor export management network has been set up across the province, with more than 700 employment service centers which are responsible for surveys relating to rural labor resources, basic training and establishing contacts with enterprises short of workers.

So far, the province has set up over 110 training centers which run short-term training classes covering nearly 100 types of work.

To reduce the haphazardness of labor exports, the province has made efforts to improve its information service to supply appropriate workers to enterprises in the economically vibrant southern China provinces like Guangdong and Hainan.

In addition, the province has begun to arrange for laborers to go abroad for job opportunities—chiefly people engaged in medical, mechanical and manual services.

On the other hand, a lot of experienced laborers are returning home to start their own businesses.

Provincial government officials said the province is also reforming its own labor employment by improving its social security system and fostering a healthy labor market.

Hubei 1993 Steel Output Ranks Third in Country

HK1701090094 Wuhan Hubei People's Radio Network
in Mandarin 1000 GMT 12 Jan 94

[Text] In 1993 Hubei's steel output reached 7.2 million metric tons—breaking the 7 million metric ton barrier for the first time—and its total steel output reached 106.45 million metric tons since the founding of the PRC, breaking the record of 100 million metric tons. Recent statistics also indicate that local steel output reached 1.15 million metric tons, the output of 10 nonferrous metals amounted to more than 100,000 metric tons, and gold output fulfilled the annual plan two months earlier. Steel trades and undertakings gained a sales income of 22.8 billion yuan, an increase of 42.5 percent over the previous year, materialized profits and taxes of 4.5 billion yuan, an increase of 67.3 percent, and gained profits of 1.89 billion yuan, an increase of 113 percent. Hubei's steel output ranked third in the country last year.

In 1993, metallurgical undertakings throughout the province flexibly adjusted their production mix in accordance with market demands. Take local metallurgical trades as an example. Last year, when steel was selling well, metallurgical undertakings throughout the province

still put quality first and 94.2 percent of their products were up to standards. In the meantime, they also ensured the implementation of state procurement contracts and supported the construction of the three gorges project, the Beijing-Kowloon railway, and the Geheyuan hydropower station.

Hubei To Open Club for Private Businessmen

*OW1801013394 Beijing XINHUA in English 0043
GMT 18 Jan 94*

[Text] Beijing, January 18 (XINHUA)—A club catering especially to China's private businessmen has gone under construction in central China's Hubei Province.

Construction on a golf course and a hotel has begun.

The 14 billion yuan project, located in the Red Lotus Lake area of Ezhou City, is being undertaken by the All-China Federation of Industry and Commerce and a local company.

China has more than 16 million privately-run companies, employing over 26 million people. Their registered capital totals 70 billion yuan.

Hunan Registers 36.4 Percent Increase in Revenues

*HK1701110494 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 12 Jan 94*

[Text] Financial departments in our province have strengthened their management and made good achievements unparalleled in history. As learned, in 1993 the province's revenues topped 10 billion yuan, an increase of 3.37 billion yuan over the previous year, which is 36.4 percent.

At a provincial financial work meeting yesterday, Governor Chen Bangzhu and Vice Governor Chu Bo fully confirmed their achievements. Early last year, influenced by stock and real estate fever, there were serious outflows of funds from the province to other provinces. Apart from this, other factors also restricted the province's revenues. During the first five months, the province registered a fall in its revenue. To tackle this problem, governments and financial departments at all levels throughout the province assigned pertinent financial task to the grass-roots level. To strengthen tax collection and management, beginning in the second half of last year, financial and taxation departments in the province began to stop provisional tax exemptions. In the course of carrying out a general taxation, financial, and price inspections, funds in violation of discipline totaling 580 million yuan were discovered. In the course of strengthening tax collection and management, financial and taxation departments in the province also vigorously carried out an improvement of financial resources. Last year the number of counties and cities topping 100 million yuan in revenues increased from the previous five to 14, and the number of townships and

towns which topped 10 million yuan in revenue increased from eight in the previous year to 33.

Northwest Region

Gansu Secretary Urges Development of Rural Economy

*HK1801060494 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 28 Dec 93*

[Text] A provincial rural work conference wound up in Lanzhou yesterday.

Provincial party committee Secretary Yan Haiwang delivered at the conference an important speech in which he stated: As we are to make a bigger stride forward in respect of reform in 1994, Gansu is expected to confront a rigorous challenge in building a market economy. In view of this situation, party committees at all levels in Gansu should make a correct analysis and acquire a clear understanding of the province's rural situation, unswervingly give top priority to agriculture in the province's overall economic work, mobilize and protect the enthusiasm of peasants, push ahead with in-depth rural reform, implement rural policies to the letter, be good at guiding and developing specialized rural commodity production, build a sound market system and a new economic structure characterized by a big circulation and a big market, and create favorable conditions under which peasants and enterprises will be able to comprehensively enter the market.

Comrade Yan Haiwang emphatically called in his speech for more energy to be devoted to increasing peasants' income, formulating measures suited to actual rural conditions, readjusting rural industrial structure, and expediting the pace of eradicating poverty, achieving prosperity, and bringing about a comparatively well-off livelihood. While readjusting the rural industrial structure, Yan Haiwang said, it is imperative to make continued and persistent efforts to stabilize and develop grain production and increase peasants' income.

Yan Haiwang maintained: It is imperative to go all out to develop products and industries with higher extra value, higher commodity rates, and higher foreign exchange earning rates and to implement a joint-stock cooperative system to improve the quality and vitality of township and town enterprises. In a word, we should strive to transform a rural economy into a market economy in an orderly way by carrying out effective macroeconomic regulation and control, enforcing laws and regulations aimed at protecting agriculture and peasants' interests, and comprehensively applying all sorts of economic measures and necessary administrative measures.

Gansu Acting Governor on 1994 Economic Work

Part 1

HK1701090294 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 2 Jan 94

[Excerpt] In 1993, our province's economic construction and various social undertakings gained further development. Looking back and ahead, how, facing the new circumstances and new tasks, shall we accomplish the province's economic targets for 1994 in a better way? With this question in mind, our staff reporter Guan Qizhi interviewed acting Governor Zhang Wule on New Year's eve.

Acting Governor Zhang Wule gave a systematic explanation of the economic approach and measures mapped out for 1994 in this province. Today, we bring you the first of the three parts of the recorded interview.

[Begin recording] [Guan] Governor Zhang, the year 1993 has now passed. What is your comment on our province's economic work in the past year?

[Zhang Wule] In 1993, the economic operation in our province has been basically normal. It has maintained a steady and healthy development momentum. If measured by the major economic growth indexes, the provincial GNP was 39.42 billion yuan, the growth rate being 10 percent; the second major index, the provincial income, was 28.44 billion yuan, the growth rate being 10.5 percent; and the prescribed target for total industrial and agricultural output value was fulfilled. In particular, our economic efficiency has been improved to some extent this past year: The production-marketing rate of industry reached 94 percent; the speed of funds circulation also accelerated; and the growth of sales income and deliverable profits and taxes obtained was faster than that of output value. In agriculture, the whole province attached great importance to grain output, which registered 14.8 billion jin this year. The past year has also witnessed the fastest growth of township and town enterprises in recent years, as their total output value reached 16.8 billion yuan, the growth rate being over 50 percent. The net income of peasants was 550 yuan per capita. The actual financial revenue of the province, after all the above-mentioned data are factored in, is estimated at 4.58 billion yuan, the original target being 4.32 billion yuan. This represents a 14.6 percent increase over last year. Using these major indexes, one should say that our economy has maintained a sustained and healthy development momentum.

But, in my opinion, we should recognize that there are problems in our economic development. Where are the major problems? I think I can sum them up with one point, that is, comparing our province's current level of economic development with the macroenvironment of the whole country, we can see that our main problem is the slowness in economic development, which calls for efforts to change through deepening the reform by various means.

[Guan] Governor Zhang, the year 1994 will be the first year for our province to achieve our next five-year objectives. It will also be a year when the largest number of reform measures will be promulgated. One can call it a year for solving key problems in the reform. Faced with this situation, what measures will our province adopt to boost its economy?

[Zhang] You are quite right to call next year a year for solving key problems in the reform. On a nationwide scale, the depth and breadth of the reform policies and measures to be promulgated next year will be unprecedented since 15 years ago when the reform and opening up began. Therefore, I feel we should pay attention to the following points when carrying out economic work in the coming year. First, we should conscientiously analyze the situation facing our province in terms of economic development. Second, we should find out the impact of the reform measures to be promulgated by the state on our province and work out matching policies and measures that we should adopt. Third, in light of such overall circumstances, we should establish and improve the basic strategies of our economic development. [passage omitted]

Part 2

HK1701090494 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 3 Jan 94

[Excerpts] In 1993, our province's economic construction and various social undertakings gained further development. Looking back and ahead, how, facing the new circumstances and new tasks, shall we accomplish the province's economic targets for 1994 in a better way? With this question in mind, our staff reporter Guan Qizhi interviewed acting Governor Zhang Wule on New Year's eve.

Acting Governor Zhang Wule gave a systematic explanation of the economic approach and measures mapped out for 1994 in this province. Today, we bring you the second part of this interview.

[Begin recording] [Zhang] As to the reform measures to be promulgated by the central authorities next year, the provincial party committee and government, through conscientious study and discussion, are fully supportive of them, because they are measures that must be taken for the establishment of a market economy. Meanwhile, the local governments [words indistinct] on matters of importance, matters of principle. The reform of the financial and tax system is mainly aimed at introducing the system of tax sharing, or in other words, redividing all the tax categories of the state into central and local taxes. Therefore, this reform has the greatest impact on all localities. The reform of the monetary and investment system is mainly aimed at [words indistinct] technical transformation and the construction of infrastructure and differential policies will be adopted. For instance, in the sector of general industry and communications, there is strong competition which calls for complete adoption of the mechanism of market competition. Banks should

be operated the way commercial banks work. Therefore, these projects are required to show relatively high efficiency and competitiveness.

The second category of projects are ones that have good social benefits, and especially transregional ones. They are key construction projects of the state. This is the second category.

The third category includes energy, communications, and raw materials projects. This category enjoys priority support from the state. According to this categorization, we have our advantages and disadvantages. For example, we are less competitive on competitive and transregional projects, while [words indistinct] on energy and raw materials projects. [passage omitted]

As to the price reforms, there will be many measures promulgated next year. For example, electricity charges will be raised, the price of raw coal will be completely decontrolled, and the price of oil will be basically decontrolled. This province foresees a grim situation as far as commodity prices are concerned. Therefore, the provincial government has decided that this province will not set forth any new price reform measures, so all those that are promulgated next year will be coming from the state. [passage omitted] [Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 4 Jan 94 carries Part 3, poor to unmonitorable reception precludes processing of item.]

Gansu Leads Northwest in Science Application

OW1801050294 Beijing XINHUA in English 0442 GMT 18 Jan 94

[Text] Lanzhou, January 18 (XINHUA)—The fast progress in the application of science and technology in northwest China's Gansu Province has boosted local industrial and agricultural production.

Guided by the state development strategy for northwest China, large numbers of scientists and technicians have given up their better working and living environments in coastal areas to work in this remote province.

Thanks to their hard work over the past dozens of years, Gansu has laid a solid foundation for the application of science and technology.

The province now boasts China's first nuclear reactor, the first satellite launching pad, the only state laboratory housing a heavy-ion accelerator, as well as a number of state key laboratories specializing in research into geochemistry and tundra.

In addition, it now has a total of 768 scientific institutions with over 330,000 scientists and technicians.

Sine 1987 the province has registered over 4,400 major scientific achievements. Over 260 of these have won state awards and nearly 700 projects have won province-level awards.

The scientific achievements have helped the province make an additional 400 million yuan (50 million U.S. dollars) in production value.

According to a special survey conducted by the State Science and Technology Commission, the comprehensive scientific and technological capacity of Gansu now ranks ninth in China.

Meanwhile, the province has given priority to applying scientific achievements to farm production to upgrade agricultural productivity.

Gansu Becomes Major Steel Producer in Northwest

OW2101095894 Beijing XINHUA in English 0745 GMT 21 Jan 94

[Text] Lanzhou, January 21 (XINHUA)—Gansu Province produced more than one million tons of steel last year, thus becoming the no. 1 steel producer in northwest China.

According to local officials, the province met its target of gaining the capacity to produce an annual 930,000 tons of steel at the end of the Eighth Five-Year-Plan period (1991-1995) two years ahead of schedule. Last year's steel output represents an increase of 15.5 percent compared with the previous year.

Gansu, regarded as one of China's most backward areas, abounds in iron ore resources. With the introduction of reform measures concerning labor, personnel and distribution, the initiative of workers in local iron and steel companies have been brought into full play, and the province's steel output has increased at an annual rate of 80,000 tons to 100,000 tons over the past three years. Economic results were also enhanced for three years running.

Last year the province recorded 700 million yuan in profits and taxes from steel production.

Qinghai Governor Views Economic Work in 1994

HK1801021494 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 12 Jan 94

[Text] A provincial economic work meeting opened in Xining yesterday. The purpose of this meeting, which was sponsored by the provincial government, was to implement the spirit of the Third Plenary Session of the 14th CPC Central Committee and the national economic work meeting and to arrange economic work in the province this year. Provincial party and government leaders including Yin Kesheng [provincial party secretary], Tian Chengping [provincial governor], Cai Zhulin, Wang Hanmin [provincial vice governor], Huanjue Cenam, Ma Yuanbiao, La Bingli, Liu Guanghe, as well as people in charge of the relevant prefectural, city, and provincial government departments.

At the meeting, Wang Hanmin relayed the instructions of the national economic work meeting. Tian Chengping made a speech on how to make a success of this year's economic work.

In his speech, Governor Tian Chengping pointed out: Last year Qinghai basically maintained speedy and healthy economic development. The province's GNP and gross industrial and agricultural output value topped 10 billion yuan. In line with the policy of high quality, high yield, and high efficiency in agriculture, we adjusted its internal composition and gained good results. In industrial production, we freed ourselves from old practices and materialized speedy and healthy development. Investment in fixed assets and local revenue increased. All these have provided favorable conditions for this year's economic work.

Governor Tian Chengping continued: There are still many problems and difficulties in the province's economic work and these are restricting the province's normal economic operation. Therefore, in this new year, we must correctly seize the opportunity, take advantage of our favorable conditions, overcome our difficulties, and promote the province's economic work.

Governor Tian Chengping raised the following ideas for this year's economic work: Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we will comprehensively implement the spirit of the Third Plenary Session of the 14th CPC Central Committee and seize the favorable opportunity to increase the momentum of reform and opening up and to expedite development. On the basis of optimizing structure, improving quality, and producing better economic results, we will maintain the sustained, speedy, and healthy development of the national economy. According to this guiding principle, Governor Tian Chengping requested all localities and departments to expedite the establishment of the socialist market economic structure in this new year and to further widen the scope of opening up to the rest of the country and the world.

He said: This year is a crucial year for making overall progress and breaking through focal points in economic structural reform. There is a need to actively carry out enterprise reform in light of the province's specific conditions, to conscientiously implement the state's macrocontrol and regulatory measures, to further strengthen the position of agriculture and animal husbandry as the foundation, to develop the rural economy, to increase investments in resource exploitation, and to expedite the development of energy and raw materials industries.

Qinghai Improves Living Standards

*HK1601034494 Beijing ZHONGGUO XINWEN SHE
in English 0347 GMT 15 Jan 94*

[Text] Xining, January 15 (CNS)—Qinghai, a landlocked province in China's northwest, with six autonomous prefectures inhabited by more than 500,000

Tibetan nationality people, has now built fixed residential districts for its 270,000 herdsmen and a number of small commercial towns have been taken shape in its pastoral areas.

Qinghai has a total area of 720,000 sq. kilometres with its pastoral area making up 96 percent of the land and the Tibetan nationality herdsmen in the province have for a long time been living a wandering life choosing their residential place according to the water and forage grass resources there. After the implementation of reform and opening to the outside world, the province distributed grasslands and livestock to each household and speeded up its pace of construction of fixed residential districts. At present, 52,000 herdsmen households out of the province's total of 91,000 have been housed in comfortable residential housing. In these residential districts, there are apartments, pens for domestic animals, fences for pasture lands, water resources, energy, schools and hospitals. With these facilities in place, there now exists the conditions for the development of the market economy in pastoral areas, the exploitation of local mineral resources and the processing of animal husbandry products. At present, the province has set up many processing factories for leather, woollen blankets, carpets, milk powder and dried beef in more than ten herding areas.

Qinghai Records Best Economic Performance

*OW1401112994 Beijing XINHUA in English 0830
GMT 14 Jan 94*

[Text] Xining, January 14 (XINHUA)—Northwest China's Qinghai Province chalked up a record value of the total goods and services last year, with big progress in all the sectors, including agriculture, industry and foreign trade.

According to statistics from the local government, the province harvested 1.2 billion kg of grain and 150 million kg of oil-bearing crops in 1993, both record high.

Despite a rare storm at the beginning of last year, the province's stock breeding industry achieved good total in major livestock.

The output of the province's rural and township firms registered a 30 percent growth over 1992 to exceed one billion yuan (110 million U.S. dollars).

Qinghai's industry has picked up momentum, due to more technical input and reforms of companies' management systems. Many crisis-ridden trades, such as machinery and woollen industry, have stepped out of the doldrums.

More and more state-owned businesses have meshed with the demand of the market and produced a number of high-quality products, which are welcomed by consumers both in and out of the province.

Last year, Qinghai's total industry output amounted to eight billion dollars (990 million U.S. dollars).

In addition, local government further boosted individual and private enterprises. About 120 new trading markets have been put up, contributing to a four billion retail transaction last year.

In 1993, the province took great strides in foreign trade, with a total import and export volume of 100 million yuan (11 million U.S. dollars).

Another 49 foreign-funded firms were built up, bringing in 45 million U.S. dollars in investment.

In addition, the province held a large-scale commercial fair in Hong Kong, striking 20 million U.S. dollars worth of deals and concluding 40 cooperative contracts with foreign companies, which will bring in another 300 million U.S. dollars.

Last year, the local government slashed a number of money-consuming construction projects to ensure energy and material supplies for key national projects.

By the end of last year, several key projects had been put into operation, such as a one-million-ton refinery in Golmud, the expansion of Qinghai Aluminium Plant and first-stage renovation work on the Qinghai-Tibet Railway.

Qinghai Bank Extends Loans To Combat Drought *HK1901145294 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 16 Jan 94*

[Excerpts] Since the beginning of this winter, drought has remained serious in various parts of the province. The provincial agricultural bank has issued a circular requesting that agricultural banks and credit cooperatives throughout the province provide loans to rural areas. So far agricultural banks and credit cooperatives across the province have provided loans totaling 117 million yuan to combat drought for spring farming. [passage omitted]

The provincial agricultural bank's circular also asks agricultural banks and credit cooperatives in all parts of the province to increase investment in agriculture and to make every possible effort to raise funds in support of agriculture and animal husbandry. [passage omitted]

The provincial agricultural bank's circular also requests that agricultural banks and credit cooperatives throughout the province carry out more investigations, improve their work style, and send cadres to the forefront of agriculture and animal husbandry to familiarize themselves with the situation and resolve problems.

Qinghai's Qaidam Basin Increases Salt Production

OW1501155894 Beijing XINHUA in English 1513 GMT 15 Jan 94

[Text] Xining, January 15 (XINHUA)—Industrial production of salt, which used to be done on a small scale, with low-grade product and limited variety, has now

developed into a pillar of the Qaidam Basin's economy, in northwest China's Qinghai Province.

The Qaidam Basin, one of the country's three major inland basins, covering an area of about 200,000 sq km, has 33 salt lakes in it. The salt reserves of various kinds and reserves of minerals are estimated to have a potential value of more than 10,000 billion yuan.

With the intensified use of advanced technology for processing and production over the past years, more than 50 processing and production enterprises, which have not long been established there, now turn out a dozen kinds of edible salt, as well as producing scores of quality chemical salt products.

Products of these enterprises now sell well in 23 provinces, municipalities and autonomous regions across the Chinese mainland, with the annual output value reaching 350 million yuan.

The Qaidam Basin has also been cooperating with an Israeli company for the building of a project on a cooperative basis, with the purpose of further tapping resources buried in salt lakes in the basin.

The cooperative project, with an intended annual production capacity of 800,000 tons of potash fertilizer, will raise the present production capacity of 200,000 tons of potash fertilizers of the entire basin to one million tons when the project is finished in 1997, according to local officials.

Shaanxi Vice Governor Views Economic Work

HK1801123894 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 16 Jan 94

[Excerpts] At a provincial meeting on financial and taxation work, Vice Governor Xu Shanlin stressed the need for financial and taxation cadres at all levels to fully understand the important impact of financial and taxation reform on future economic development; properly handle the relations between reform, development, and stability; and to promote the establishment of a socialist market economic structure.

This meeting was held in Xian on 13 January. [passage omitted]

The meeting pointed out that all levels of financial departments should closely cooperate with taxation departments in strengthening tax collections and management and should strictly observe the new taxation system. Governments and departments at all levels, including financial and taxation departments, should actively implement finance policy and take part in adjusting enterprises' organization and industrial structure to create conditions for the transformation of enterprises' operational mechanisms. [passage omitted]

It is necessary to reform the supervisory method on financial work, implement the regulations on the supervision of state-owned assets, strengthen management of state-owned assets, and prevent the loss of state-owned assets. [passage omitted]

At the meeting, Vice Governor Xu Shanlin requested finance cadres at all levels to change their concepts and resolve new problems with new ideas and new methods. He pointed out: The general idea of improving the province's financial resources is to adjust and optimize the industrial structure and product mix, open up new financial resources, improve the economic results of large and medium-sized state enterprises, speedily develop tertiary industries and township and town enterprises, and boldly develop the nonstate-owned economic sector and a diversified rural economy.

Shaanxi Stresses Agricultural Development

OW1301031694 Beijing XINHUA in English 0250
GMT 13 Jan 94

[Text] Xian, January 13 (XINHUA)—Northwest China's Shaanxi Province has paid great attention to the development of agriculture over the past few years and the efforts have paid off.

The province has reaped bumper grain harvests for three years running despite frequent natural disasters. Last year, the grain output of the province hit a record of over 12 billion kg.

Local agricultural officials attributed the success mainly to the efforts made by the provincial government in improving basic facilities for agricultural use.

According to local sources, in the past six years, the province has managed to raise more than three billion yuan (about 345 million U.S. dollars) for farmland improvement projects, such as building of more water control works and arable land, and for the harnessing of biological environment and for comprehensive agricultural development.

In addition, the province has also introduced more than 500 million U.S. dollars in foreign investment to support the development of agriculture.

At the same time, the province, believed to be one of the country's most backward areas, has also strengthened the manufacturing of means of production for agricultural use and sped up the construction of mechanization of agriculture.

Shaanxi Now Second Largest Apple Producer

OW2001012694 Beijing XINHUA in English 0102
GMT 20 Jan 94

[Text] Xian, January 20 (XINHUA)—Northwest China's Shaanxi Province has become a major apple producer.

Total output reached 1.3 million tons last year, up 60 percent over 1992. This accounts for one-seventh of the country's total and lifts the province as the second largest apple grower.

Most parts of Shaanxi are situated on the loess plateau, which is blessed by ample sunshine and has wide difference in temperature between day and night. The location and the climate make the site ideal for apple growing.

Since 1984, more than 20 counties have been converted into apple growing centers. The acreage soared from the 123,500 acres in 1985 to around 823,500 acres last year. Quality stock make up over 80 percent of all the fruit trees planted.

Some counties have set up factories to produce apple juice for other countries.

The development of the fruit orchards has greatly helped farmers to improve their lives. Most of the apple growers now live in newly-built brick-and-wood houses instead of the earth caves where they used to dwell. Eight out of ten families own TV sets and 70 percent of homes have motorcycles and tractors.

The income from the apples enabled the local people to increase input in grain production too.

Discussions With U.S. on Tariffs Reported**Minister on Cutting Import Duties**

*OW2101111094 Taipei CHINA POST in English
18 Jan 94 p 18*

[Text] The government won't rule out taking the initiative to cut its import duty rates before conducting tariff talks with member states of the General Agreement on Tariffs and Trade (GATT), a top economics official said yesterday.

The initiative is expected to put the ROC [Republic of China] in a better position to negotiate and avoid having -several layers of skin peeled off," said Economics Minister Chiang Pinkung.

Chiang made the remarks before a 17-member Taipei delegation left for Washington to discuss temporary tariff cuts on 699 agricultural and industrial products with U.S. officials.

Washington has rejected Taipei's proposal to incorporate the talks concerning tariff cuts on 699 items into trade and tariff negotiations related to Taipei's bid to rejoin GATT.

Accordingly, the tariff cuts on 699 items will be a series of "unilateral" trade demands by the United States.

"It will be like having several layers of our skin peeled off," Chiang said.

To avoid the unfavorable situation, Chiang said the government would time tariff cuts to minimize their impact on local industries.

During the upcoming tariff talks with Washington, slated for Jan. 19-21, the Taipei delegation will relay the government's hopes of conducting the annual "bilateral tariff concessions talks" as soon as possible, Chiang said.

Chiang noted that the government here is unable to fully comply with the U.S. request to reduce tariff rates on 514 industrial products and 185 agricultural items by 50 percent.

He said less than 50 industrial items, including cars and electrical appliances, will see their tariffs reduced, while tariffs on 185 agricultural items would remain unchanged.

The Taipei delegation will detail the reasons behind the ROC's position to the U.S. negotiators.

Heading the delegation is Huang Yenchao, director general of the Board of Foreign Trade. His U.S. counterpart is Robert Cassidy, an assistant U.S. trade representative.

While in Washington, the Taipei delegation is expected to face strong U.S. pressure to reduce tariffs on 699 items, as relevant U.S. manufacturers and congressmen

are urging that the U.S. government use its Super 301 provision to force Taipei to cut the tariffs.

Should Taipei reject the U.S. request, its bid to rejoin GATT could be affected. Washington officials earlier said the progress of Taipei's bid to rejoin the world trade body would hinge on Taiwan's efforts to reduce tariffs.

The government here applies to enter the GATT on Jan. 1, 1990 under the title of "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu." The application will have to be endorsed by at least two thirds of the GATT members, now totaling around 110, to be officially accepted.

As part of the government's efforts to enter GATT, it has decided to cut its weighted average tariff to around 3.5 percent from the current level of 4.2 percent.

First Day Talks End Without Accord

*OW2201061094 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
20 Jan 94*

[From the "Hookup" program]

[Text] Yesterday, the talks on variable tariff reductions between the Republic of China [ROC] and the United States completed the agenda for the first day; however, apparently both sides have not reached an accord. Our side had proposed to the U.S. to try to achieve the objectives through bilateral negotiations on tariff cuts related to the ROC's bid to rejoin GATT as soon as possible, but the U.S. still prefers to assess the situation after the current talks have been completed. Please listen to a report by Huang Mei-ping.

[Begin recording] [Huang] According to information received by the Economic Affairs Ministry from our delegation, representatives from both sides to the Sino-U.S. talks had fully exchanged their views on tariff reductions in the first day. U.S. Assistant Trade Representative Cassidy said: Tariff reductions are extremely important to the ROC's accession to GATT. At the same time, the ROC has not attained the targets set under the four-year tariff reduction plan. This time it has proposed taking measures for possible tariff cuts on only 40-odd industrial products, but this is still a far cry from U.S. demands.

Huang Yen-chao, director general of the Board of Foreign Trade, stressed to the U.S.: Our side was psychologically prepared for tariff concessions; however, variable tariff reductions should conform with legal procedures. There are only 40-50 items that our side can offer for tariff cuts, and it is hoped that the other items would be incorporated into ROC-U.S. tariff reduction talks relating to the ROC's entry to GATT as soon as possible, and that tariff reductions should be effected by amending relevant tax regulations through legislation so as to be in line with the interests and demands of both sides. The U.S. has not specifically responded in this

regard, apart from saying that it would assess the outcome of the present talks to determine whether it would formally enter into GATT talks with the ROC.

An Economic Affairs Ministry official said that judging from the talks on the first day, although nothing specific was concluded, representatives from both sides are still working hard for an accord. Meanwhile, our delegation is aware of the possible formation of the World Trade Organization at an earlier date; however, authorities in Taipei have not given any instructions to the delegates to negotiate with the U.S. in light of this development.

This has been a report by China Broadcasting Corporation reporter Huang Mei-ping from the Economic Affairs Ministry. [end recording]

Negotiator: Talks End 'Successfully'

OW2201142694 Taipei CNA in English 1403 GMT
22 Jan 94

[By T.C. Hu and Bear Li]

[Text] Washington, Jan. 21 (CNA)—Tariff consultations between the United States and Taiwan ended successfully Friday [21 January] despite no concrete agreements being reached, according to chief Taiwan negotiator Huang Yen-chao, the director-general of the Board of Foreign Trade.

Huang said that during the two days of meetings, the U.S. negotiators did not press Taiwan to immediately cut tariffs on 699 farm and industrial products by 50 percent, as they have previously requested.

The United States may even consider sending officials to Taiwan next month for another round of talks on issues related to Taiwan's entry into the General Agreement on Tariffs and Trade (GATT), he noted.

The U.S. originally said that it would not talk with Taiwan about GATT issues until its tariff-cut request was met.

Despite no timetable being set for the tariff reductions, Huang insisted the talks were "useful," and said Taiwan "must pay some price" sooner or later in order to gain admission to GATT.

He added that relevant Taiwan government agencies would soon start studying the U.S. request.

According to customs officials, however, Taiwan is likely to cut tariff rates for only part of the industrial imports. As for slashing tariffs on the 185 agricultural goods, "that possibility has been totally ruled out," the officials said.

Official on GATT, Future Trade With Mainland

OW2201154894 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT
20 Jan 94

[From the "Hookup" program]

[Text] Hsiao Wan-chang, chairman of the Executive Yuan Council for Economic Planning and Development, said on 20 January that because the time for joining GATT is rather pressing, the council will strive to obtain authorization and approval from the Legislative Yuan to do so.

He also said that to save time, it is hoped that the Legislative Yuan will agree to adopt a package of laws when enacting laws.

He stated that our side has already studied the issue of holding negotiations with Communist China over investment and direct cross-strait shipping and air ties under GATT. He added, however, that there is no need at present to show our cards. Hsiao Wan-chang said that administrative departments will first have to coordinate with and seek the legislative departments' approval to negotiate. However, because the time for joining GATT is rather pressing, we cannot expect to maintain the pace needed to join GATT if we do not adopt a package deal in enacting laws.

Administrative departments will also strive to win approval from the legislative departments. Hsiao Wan-chang said that because the government has already studied ways to deal with the issue of holding negotiations on investment and direct cross-strait shipping and air ties with Communist China after joining GATT, there is no need to wrestle with these problems at this point because they will be dealt with after we join GATT.

Article Calls CPC Taiwan Policy 'Inconsistent'

HK2001141794 Hong Kong HSIN PAO in Chinese
12 Jan 94 p 26

[Article by Li Ming-yang (2621 0682 2254): "The Fuzzy Nature of the CPC's Taiwan Policy as Viewed From Volume 3 of the *Selected Works of Deng Xiaoping*"]

[Text] Following the conclusion of the 14th CPC National Congress, a leading Hong Kong businessman who is also a member of the National Committee of the Chinese People's Political Consultative Conference, published a full-page advertisement in the party's organ, lauding Deng Xiaoping and describing him as a "founder of the 'Manifesto of the Communist Party' leading to the 21st century" and a "great master of communism who carries forward the cause and forges ahead into the future." After Volume 3 of the *Selected Works of Deng Xiaoping* was published last October, a RENMIN RIBAO editorial said that "the theory of building socialism with Chinese characteristics founded by Deng Xiaoping is a powerful ideological weapon which guides China to become prosperous and strong

and is the embodiment of Marxism in contemporary China." At the meeting to mark the centennial of Mao Zedong's birth, Jiang Zemin pointed out that Deng Xiaoping's theory is the "spiritual pillar and scientific guide for us to advance triumphantly." All this shows that the CPC's worship of Deng Xiaoping today has far exceeded its worship of Mao Zedong in the 1960's.

As Deng Xiaoping's thought is the pillar and guide for all trades, the CPC's approach to Taiwan, Hong Kong, and Macao affairs is no exception. In Volume 3 of the *Selected Works of Deng Xiaoping*, six essays are related to Taiwan. 1) The main points of Deng's talk with Professor Winston Yang of Seton Hall University of New Jersey on 26 June 1983, entitled "Ideas About Peaceful Reunification Between the Chinese Mainland and Taiwan;" 2) Deng's speech at the third plenary session of the CPC Central Advisory Commission on 22 October 1984; 3) the main points of Deng's talk with Burmese President U Shan Yu on 31 October 1984, entitled "The Principle of Peaceful Coexistence Has Strong Vitality;" 4) Deng's talk while being interviewed by CBS reporter Michael Wallace for the news program "60 Minutes Plus" on 2 September 1986; 5) part of Deng's talk with Gorbachev, general secretary of the CPSU Central Committee, on 16 May 1989, entitled "Terminating the Past, Opening Up the Future;" and 6) part of Deng's talk with Gwok Hok-nin, a rich Chinese businessman from Malaysia, on 15 September 1990, and this item is entitled "Making Joint Efforts To Realize the Reunification of the Motherland."

Deng Xiaoping's instructions on the Taiwan work include secret and open instructions. If the instructions are put in chronological order people may find that the CPC's Taiwan policy was rather inconsistent and elusive, and this showed the character of rule of man.

On 1 September 1982, Deng Xiaoping pointed out in the opening speech to the 12th CPC National Congress: "Intensively working for socialist modernization, striving for the reunification of the whole country, including Taiwan, and opposing hegemonism and safeguarding world peace are the three major task for the Chinese people in the 1980's." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 3) In mid- January 1991, when listening to reports by Jiang Zemin, Yang Shangkun, Wang Zhaoguo, and Ding Guangan about Taiwan affairs, Deng gave the following instruction: "In the period of the Eighth Five- Year Plan (between 1991 and 1995), we should consistently carry out the three major tasks. The first is to develop the economy; the second is to persistently maintain stability; and the third is to solve the Taiwan issue. Although these three items were not explicitly and completely spelled out in the communique, we should keep them in mind. None of the three is dispensable." A casual remark uttered by Deng determined that the major tasks of the 1980's were extended to the 1990's.

Readers who take notice of current affairs may still remember that, when Chiang Kai-shek died in 1975,

then-Singapore Prime Minister Lee Kuan Yew, who rushed to mourn the death of Chiang, predicted that the Republic of China would last for another five years only, but three five-year spans have passed, and the Republic of China is still standing firm and has the world's second largest foreign exchange reserves.

When foreign politicians or political commentators commented on China's political situation, they often failed to hit home. In fact, their erroneous remarks did not matter very much. However, being the general architect of mainland China's reform, opening, and modernization, the time validity of Deng Xiaoping's remarks on resolving the Taiwan issue had to be changed quite often, and this seemed rather haphazard.

The key to the CPC's Taiwan policy lies in its time validity. Not only will the 20 million troops and civilians in Taiwan, Penghu, Jinmen, and Mazu have to worry about this, but the American, West European, and Japanese corporations will also have to take it seriously. On 16 May 1989, Deng Xiaoping told Soviet party and government leader Gorbachev: "In my life, only one thing has not been solved. That is the Taiwan issue. It seems that I will not be able to see its settlement." Deng was 85 years that year, and he revealed a sense of helplessness with his remarks. These might have been words coming from the bottom of his heart. Being a great man, he should be able to know his own limitations.

However, six months after that, shortly before Deng resigned from the chairmanship of the Central Military Commission, he told the members of the Political Bureau Standing Committee and the principal responsible officials of the Taiwan Affairs Office and the United Front Work Department: "The settlement of the Taiwan issue cannot be delayed indefinitely. The longer this is delayed, the heavier the burdens will become! It seems that the Taiwan authorities will never calmly sit down to talk. We should make dual preparations. Preparations cannot be made only in one aspect! You should work out some methods and resolve this issue within five years. You should not be able to sleep if this issue is not resolved!" He set forth a five-year time limit, and this was related to his desire to "live a number of years longer" and to see reunification with Taiwan.

After the 4 June incident, the CPC maintained that Taiwan remained the largest anticommunist base and even condemned the Kuomintang for having its hand in creating "turmoil" in the mainland. Therefore, the CPC leaders would not be able to set their minds at rest as long as the Taiwan issue remained unsettled. They had differences over economic issues, but Deng Xiaoping, Chen Yun, and Yang Shangkun shared the same opinion on Taiwan work. They all considered Li Teng-hui the largest champion of Taiwan independence and maintained that the separatist forces in Taiwan must not be allowed to succeed and that preparations should also be made for using force to solve the problem within three to five years. In Beijing alone, the cadres engaged in Taiwan work number over 1,000.

The anxiousness to realize reunification also found expression in Deng Xiaoping's unusual talk with Deng Wen-yi, his schoolmate of the same age, on 19 May 1990 (after the 4 June incident, he even refused to meet with Japanese Deputy Prime Minister Shin Kanemaru and Singapore Prime Minister Lee Kuan Yew). Deng Wen-yi was the director of the Political Work Department of the National Defense Ministry of the Nanjing Government in 1949 when the Communist troops fought across the Chang Jiang, and he was also a senior intelligence officer in the Kuomintang regime. He lost power in his later years, but he was not willing to live in silence. At the invitation of Hou Jingru, vice chairman of the Chinese People's Political Consultative Conference, he returned to the mainland to visit his old friends and relatives. In Taiwan, he was denounced by the Democratic Progressive Party as an "old thief." In the mainland, he was treated as an honorable guest of the government. The purpose of his mainland visit was to recover two houses in Nanjing. Deng Xiaoping took this opportunity to brainwash him and said: "Both of us share the same surname, and we are also old friends. We can discuss anything except Taiwan independence. The CPC and the Kuomintang cooperated very well on two occasions in the past, and we can carry out the third round of cooperation. In the future, Taiwan and the mainland must be reunified. This may take another two or three years. At most, reunification will be effected within three years."

Deng Xiaoping also told Deng Wen-yi: "We are all people from the same family. There should be no war between us, as war is unfavorable to both sides. We may discuss this more seriously." However, on 10 October of the same year, after watching the video tape about Taipei's celebrations of the "Double 10 Festival," Deng Xiaoping told Yang Shangkun and Ding Guangen: "They are still putting on grand airs! Li Teng-hui's words are unreliable. They use three hands to deal with us overtly and covertly. On one hand, they talk big and utter high-sounding words; on the other, they secretly support the Democratic Progress Party which seeks Taiwan independence and continue to carry out subversive activities against the mainland. Although we have already talked too much, they still refuse to accept any of our proposals and advice and even regard us as being weak and timid!" Then there was the airborne troops' 12

October combat exercise on an island with jungles, beaches, and marshlands. This was a rehearsal for the attack on Taiwan.

On 1 July 1991, Deng Xiaoping told Jiang Zemin and other leaders that the Doctors had told him that he would continue to be healthy for another eight to 10 years, so it was not as urgent to use force against Taiwan. He said: "In the 1980's, we planned the first step for realizing reunification. Young Chiang died too early, so we did not act in time. Can we now make a breakthrough in a period of more than eight years?" He added: "If China is not reunified, the people of our generation will not be able to close their eyes when they die, and they have no face when they see Marx. We hope to use peaceful means and solve the issue through negotiations, but we should also consider other methods at the same time!"

In August of the same year, Deng Xiaoping circled his name to endorse the Taiwan work program drafted by the State Council's Taiwan Affairs Office for the remaining years of this century. The program fixed the deadline for settling the Taiwan issue around the turn of century.

In January 1991, Deng Xiaoping said: "Li Teng-hui is a person full of ideas. You should first study him in order to discover the right method for dealing with him." Deng Xiaoping maintained that Li Teng-hui's statements about one China were unreliable. In actual practice, however, the CPC never took Li Teng-hui lightly. For example, Wang Daohang, chairman of the mainland's Association for Relations Across the Taiwan Straits, told Huang Chao-sung, editor-in-chief of Taiwan's LIEN HO PAO on 14 December 1993: "When formulating the Taiwan policy and handling the work related to Taiwan, we took Mr Li Teng-hui as our principal counterpart, because he represents Taiwan's ruling authorities."

To sum up, people may find that the CPC's Taiwan policy has always been characterized by the "rule of man"—it changes according to the mood and health of an old man of 90 years. In mainland China, where the one-party dictatorship is still in force, policies outweigh laws. Policies are the administrative guidelines for the state and the party. If the policies are inconsistent and elusive, however, they will not be effective. The cadres responsible for Taiwan affairs at all levels will not know what course to take, nor will the enemies on the other side of the straits fear various bluffs and blusters.

Hong Kong

Reportage on Governor Patten's Visit to UK

Backed by Shadow Foreign Secretary

HK1901060894 Hong Kong SOUTH CHINA
MORNING POST in English 19 Jan 94 p 23

[By Sue Green]

[Text] Fleet Street dubbed them the two generals: the tall, tough northerner who strode about London coatless in the cold, masterminding Labour's doomed election campaign, and the Tory campaign chief who won the war but lost the battle, failing to keep his own seat as his party regained power.

Now, in a twist of fate, those two men are on the same side, pushing the Hong Kong democracy barrow.

The Labour man, Dr Jack Cunningham, a scientist-turned politician, is Britain's shadow foreign secretary, in Beijing this week to tell China his party won't be taking its side against the British Government.

And the man he is lining up with, whose roof he slept under in Hong Kong, is none other than his old campaign foe, now the territory's Governor, Chris Patten.

"Someone asked me a very funny question at dinner the other night," says Dr Cunningham in his broad Geordie [northeastern] accent. "If Labour had won the election but I'd lost my seat would I be Governor of Hong Kong?"

He doesn't know the answer. And, strictly speaking, he cannot say for sure whether Labour will keep the present government's Hong Kong policy—and its choice of Governor—if it wins the British election due before 1997. But he thinks it unwise to dump either, and unlikely: "It's difficult to conceive of wiping the slate clean and starting again, especially if it's 1996," Dr Cunningham says. "A Labour Government in the future is not something I can make declarations about now but, speaking personally, my commitment is to these proposals and it is difficult to conceive of circumstances in which we would throw the whole lot out. And, for my own part, I don't think it would be sensible for us to come in and remove the Governor, put someone else in."

Dr Cunningham says a member of Mr Patten's family was amazed to hear him saying nice things about the Governor in a television interview: "I said yes, you wouldn't have seen me doing that two years ago." But two years is a long time in politics and Dr Cunningham, who represents Copeland in Cumbria and has been a member of parliament for 23 of his 54 years, is well accustomed to a system in which your former foes become your hosts. He and Mr Patten previously crossed swords when Mr Patten was environment secretary and he was Labour's spokesman. He sees their present roles as a curious twist of history.

He is quick to dismiss the notion that Mr Patten's high Hong Kong profile may be aimed at furthering his political future back home. He says a total breakdown of the China-Britain talks on Hong Kong, withdrawal of Mr Patten's reform package, undermining both him and Prime Minister John Major—perhaps fatally wounding the government—would not be a good result for Labour. "The outcome of that is a Labour Government that has to resolve this problem and I don't think you can do that just by taking China's side," he says.

In fact, contrary to speculation that Chinese Embassy lobbying of MPs in London may be weakening support for Mr Patten's reforms, Dr Cunningham has made it clear to China he will not be backing it against the Tories. Asked if he had been lobbied in London, where he has met Chinese Ambassador Ma Yuzhen and Chinese Vice-Premier Zhu Rongji, he said: "Not overtly," then added, "no, that's not quite true." China's view during those talks was that the Patten plan should be withdrawn. "I think they hoped we would come to that point of view but we did not and we have not and nothing that happened in Peking (Beijing) would lead me to recommend that course of action to my colleagues in London. "I regard the proposals as very modest. It is a bit difficult to concede that this is some huge gulf that cannot be bridged."

So, what achievements from his three days in Beijing, his first visit, does he have to report at today's shadow Cabinet meeting? Dr Cunningham says he learned a lot (references to his meetings with "Mr Rongji" at his Friday press conference showed there was definite scope to expand his knowledge of China) but says he did not know before he went why the Sino-British talks broke down; and he still does not know.

Those he met in China included Vice-President Li Lanqing, Vice Foreign Minister Jiang Enzhu, and director of the Hong Kong and Macao Affairs Office Lu Ping. He has asked them to explain, in writing just how the Patten plan conflicts with the Basic Law and what amendments they want. "I just wanted to try to get a clearer understanding of the Chinese reasons for this stand over Hong Kong, the breakdown, and to make sure the Chinese were absolutely clear about my position and that of the British Labour Party, and to establish good personal relationships and contacts."

As a long-time politician, strategist, and media performer, Dr Cunningham could hardly be dubbed a straight talker. But he is willing to be blunt where it seems due. Like Mr Patten, he sees a conflict in the Chinese position: President Jiang Zemin says trade and politics should remain separate, yet China is dragging the airport issue into its political negotiations over Hong Kong.

To allow this standoff to lead to a series of protracted economic and trade disputes would be "pretty silly" he says. The end result? "A series of self-inflicted wounds." And while he says it is never too late to take up the issue

of Hong Kong democratic rights, he concedes that should have been done years ago.

But to be fair, it was not just that British Governments did not take the initiative—the incentive to do so in Hong Kong was also lacking: “There’s little doubt the approach of 1997 was the single biggest stimulus,” he says.

It is not certain Dr Cunningham would become Foreign Secretary in a future Labour Government. He was given the shadow post despite coming just 12th out of 18 in the shadow cabinet poll. But he is a strong supporter of the Labour Leader John Smith and obviously has hopes of getting the job “if I was lucky enough to,” he says.

If his entry in Who’s Who is any sort of litmus test, Dr Cunningham has at least one qualification for taking a key role in the resolution of Hong Kong’s future: Along with fly fishing, fell walking, and folk music, his hobbies include “listening to other people’s opinions”.

On Not Mixing Politics, Economics

HK1901060694 Hong Kong *THE STANDARD* in English 19 Jan 94 p 1

[By Political Editor Mary Binks]

[Text] Governor Chris Patten left Hong Kong last night for London, taking a parting swipe at China’s conduct in the row over the territory’s political and economic future. Intending to conduct strategy talks in London with British Prime Minister John Major and senior cabinet ministers, Mr Patten reiterated a stern warning to China not to mix politics and economics.

He intimated China might have more to lose than Britain if it did so. “China has pretty well a two-to-one trade surplus with the United Kingdom,” Mr Patten said. “China has attempted to join the Gatt (General Agreement on Tariffs and Trade), an application which has the United Kingdom’s and, of course, the Hong Kong Government’s enthusiastic support. And countries which join Gatt don’t behave in the sort of way that has been suggested by one or two Chinese officials.”

Since the Sino-British negotiations broke down, Mr Patten’s relations with Beijing have been strained and acrimonious.

Britain has now embarked on unilateral constitutional reform in Hong Kong, but he stressed that the door to negotiations on the contentious issues surrounding the final elections under British rule was still open. With the first part of his constitutional reform package now before the legislature Mr Patten has made it clear the remainder will not be introduced until after that bill is approved. The bill needs to be approved by the end of the month, leaving the way clear for the remainder of the constitutional reform package to be introduced in March.

Mr Patten will seek cabinet backing to take this course of action when he meets senior ministers in London on

Monday. “I don’t think you should expect any dramatic announcements,” he said. “The position is one I think the community well understands. We want to go on talking to Chinese officials about the three outstanding contentious issues (surrounding the 1995 Legislative Council elections).” “We’re happy to go on talking until that moment when we have to begin legislating on the remaining matters which have to be resolved for the 1995 elections. We hope that the talks can be resumed, and if that’s not the case we will have to try with the Legislative Council to put in place arrangements which are acceptable to Hong Kong,” Mr Patten said.

Today, he will begin his strategy talks with the British Ambassador to China, Sir Robin McLaren, and the minister responsible for Hong Kong, Alastair Goodlad.

Addresses Foreign Affairs Committee

HK2101070694 Hong Kong *SOUTH CHINA MORNING POST* in English 21 Jan 94 pp 1, 5

[By David Wallen in London]

[Text] Governor Chris Patten last night spelled out for the first time that if the Legislative Council refuses to pass his democracy blueprint for the 1995 polls he might either revert to the 1991 formula or put forward entirely new legislation.

Mr. Patten was at his most forthright yet in a marathon two-hour 20-minute grilling before the Commons Foreign Affairs Select Committee—ruling out a referendum, insisting legislators voted in in 1995 would not be a “Trojan horse” for Britain and fiercely, while succinctly attacking both China and his British adversary Sir Percy Cradock. In a sometimes emotive performance he praised the people of Hong Kong.

“I do get angry sometimes at the contempt shown for the people in Hong Kong who have created one of the most successful economies in the world and who have shown remarkable sophistication in every aspect of life and who are expected to continue to create one of the most successful economies in the world in a political vacuum.

“They say of the people of the 10th most successful economy in the world that it contains a population who aren’t capable of deciding who should collect their dustbins.”

Mr. Patten told the all-party committee investigating relations between Britain and China that it was his “firm, sincere hope” that discussions could be resumed although time was very short. “I still hope that the negotiations can be resumed at any time and when the Chinese side give us the nod our officials will be on the plane to Beijing.”

He explained that if Legco refused to pass either of two tranches of his democracy package then he would face difficulties constitutionally. “You can’t legislate on very close terrain to that on which you have lost the battle.

"The options would be either to try a different approach and put forward different legislation or to decide that we have to settle for existing arrangements in a re-run in 1995."

Asked by Tory MP David Sumberg whether or not a referendum was viable, Mr. Patten insisted that opinion polls over and over again had shown support for his package. A referendum would not resolve the issue because Legco would still have to pass legislation.

He added sternly: "It is an issue completely neuralgic to the Chinese side and I am not in the business of trying to tweak Chinese tails. China regards it as the ultimate sin and I don't think it is very sensible to take on more arguments in a day than is absolutely necessary."

The MPs questioned Mr. Patten in detail over the whole gamut of Hong Kong issues. The Governor revealed that soon he would have to go ahead with the localisation of laws unilaterally because of the lack of progress in the JLG. He insisted he would continue to press "with great vigour" for UK passports for both the 52 war widows and the 7,000-strong ethnic community. The Governor meets Home Secretary Michael Howard today to take up these issues.

He also disclosed that before he goes ahead and tables the second set of democracy legislation he will publish the full details of how the talks progressed and finally broke down. "I think it would be very difficult to justify further legislation without filling in that background," he said.

The Commons committee room was crammed with more than 70 diplomats press and members of the public, including four officials from the Chinese Embassy for the hearing. Those who could not fit in heard Mr. Patten give evidence through a sound system to an overflow room.

The Governor admitted as he began his evidence that his was "a difficult job all round and no one should be too surprised or too censorious that it is occasionally a more bracing or bruising experience than any of us would like". Even before he arrived the relationship with China had not been blessed with as much co-operation as Britain would have liked.

"We have not been arguing with China about increasing the pace at which the legislature is democratised, though some think we should have been.

"What is at issue is whether those arrangements are fair or unfair. That is the nub of the argument.

"Should it not be possible to reach agreement with China on this issue then we will have to proceed with legislation.

"We will work with and through the legislature, not going further than the community wishes, but not going less far either."

Mr. Patten pulled few punches in his description of the Chinese approach. "I think it has been pretty irrational, largely rhetorical and usually devoid of argument," he said.

He detailed to the MPs the talks with Chinese Foreign Minister Qian Qichen in New York, prior to his first announcement of the democracy package and how this was passed on to the Hong Kong and Macao Affairs Office by the British Embassy in Beijing.

Mr. Patten said Sir Percy Cradock's suggestion that Britain had refused consultations at that stage was "completely untrue".

He accused the Chinese of using traditional tactics in trying to personalise their attacks on him and isolating individuals they did not agree with.

It was "ludicrous" to suppose that any governor could conduct policy which produced this degree of controversy off his own back. He was a politician and very sensitive to public accountability—more so than others might have been.

Tory MP Sir John Stanley asked why he had gone for a policy of defiance, as it was described by Sir Percy. But Mr. Patten accused the former ambassador to Beijing of not saying what he would settle for. Mr. Patten said the 17 rounds of talks had "reached the end of the elastic" when they were called off.

Asked why he had not gone to Beijing prior to announcing his package, he said that if he had that would make "lame ducks look pretty agile".

Editorial Views Visit

HK2101100294 Hong Kong WEN WEI PO in Chinese
21 Jan 94 p 2

[Editorial: "The Person Who Undermines Cooperation Must Bear Blame"]

[Text] Chris Patten's mood may be worse during his current trip to Britain for consultations, because the situation has changed, the international environment has become unfavorable to him, and so has the domestic situation in Britain. British business circles are no longer concerned about whether his constitutional reform package will be passed by the Legislative Council, and they have noted that his unilateral legislation was an erroneous action. His countrymen asked him to make it plain how the trade interests of British business would be harmed and whether British-Chinese relations would turn for the better after the talks on the Hong Kong issue broke down.

Therefore, this time, Patten was in no mood to put on "political shows" by appearing on British television or arranging interviews with British newspapers; instead, he hastily consulted some "China hands" about counter-measures, and tried to cope with the huge pressures from the British business community. He discussed ways to

deal with the Chinese with former foreign secretary Geoffrey Howe, and discussed how to handle the deadlocked situation after the breakdown of talks with Ambassador McLaren and Foreign Minister Goodlad.

When he was appointed Hong Kong governor and was on his way to take office in Hong Kong, he vowed to maintain good relations with China in front of some British businessmen who supported his appointment. He said that he would build up trust with his Chinese counterparts and would be able to solve many issues by just dialing the phone. He meant that as Britain had appointed such an able Hong Kong governor, British businessmen would gain favor everywhere in their China trade.

However, all people have seen that he behaved in an extremely irresponsible way by challenging the established agreements between China and Britain, refusing to make things converge with the Basic Law, and recklessly bringing part of the controversial constitutional reform package to the Legislative Council before an agreement had been reached, and all this was unnecessary. Patten ruined all of the progress that had been made in the past and caused the breakdown of the talks without regard to the interests of the residents of Hong Kong and the interests of British businessmen. He simply made a mess of the situation and broke the promises he made when he took office.

Therefore, at a hearing in the British Parliament, David Howell and other Conservative MP's questioned him about whether he had expected the strong reaction of the Chinese side, what had caused the current deadlock in Sino-British relations, and whether Patten formulated China policy and had forced the British Government to adopt it, or, would he, as Hong Kong governor, obey the British Government. Patten still stubbornly fought with his back to the wall. He did not dare to speak clearly, and just said that "the British Government supports my constitutional reform package." It seems that his superiors are only able to support a subordinate and do not have the power to correct what the subordinate has done. Such an arrogant attitude will only arouse strong criticism from the British business community.

At the hearing, Patten still tried to conceal faults and gloss over wrongs and to deceive the British public. He said that he did not know about any agreement between China and Britain in 1990 at all, because when he consulted Percy Craddock about constitutional reforms, Craddock did not tell him that an agreement had been reached on electoral arrangements, so he did not have to worry about that. All people in Hong Kong have long known about the seven letters exchanged between the Chinese and British foreign ministers, and Chinese officials also told him that the seven letters represented an agreement, but he still declared in a session of the Legislation Council's that he "would not recognize any secret agreements" and "would not create any more

secret agreements." The deadlocked situation was created by him deliberately, and he is trying to shirk all his responsibilities.

Now, Western countries, including the United States, Japan, Germany, and France, are all vying with each other to march into the Chinese market. Will Britain still allow Patten to continue his blunders and harm British-Chinese relations?

Even the Labor Party's Allan Rogers also said that the Conservative cabinet should bear the responsibility for the worsening of British-Chinese relations.

The parliamentary hearing enabled British voters to clearly see who has caused the worsening of British-Chinese relations. It is Chris Patten who should bear responsibility for the current situation. John Major is now bogged down in a predicament, and does not want to be blamed for the worsening of British-Chinese relations. Therefore, on the one hand, the Conservative Party summoned Patten to give a testimony; on the other hand, it has again dispatched McLaren back to Beijing to deal the deadlocked situation left to him by Christopher Hum and to sound out China's reaction.

Chinese Foreign Ministry Spokesman Wu Jianmin explicitly replied to the British side: The Chinese side hopes that the British side will withdraw the partial constitutional reform package that has been submitted to the Hong Kong Legislative Council for deliberation and returns to the negotiating table. "If the British side refuses to withdraw it and brings the second part of the constitutional reform package to the Legislative Council for deliberation, then this will further show that the British side is determined not to return to the negotiating table, and that the British side will thus have to bear responsibility for all consequences." "The Chinese side will not accept any legislative decision on the 1994-95 elections made by the Legislative Council, and all institutions formed according to such decisions will only be able to function up until 30 June 1997."

The position of the Chinese side is firm, and the British side should carefully weigh up the consequent gains and losses, restrain Patten's confrontational policy, and remove obstacles to Sino-British cooperation.

Editorial Defends Percy Craddock's Position

HK2201065094 Hong Kong TA KUNG PAO in Chinese
22 Jan 94 p 2

[Editorial: "'Fairness' Is Being Profaned in London"]

[Text] Percy Craddock came under heavy fire from Chris Patten and his ilk not long ago simply because he said a few impartial words on the Hong Kong issue, taking a fair position. This has given us much food for thought.

The man who launched the attack said: Should Craddock's suggestion be adopted, should the British side

always act upon whatever the Chinese side says, the Sino-British Joint Declaration would lose its meaning.

Did Cradock ever suggest "acting upon whatever the Chinese say?" What "words" and "advice" of the Chinese side did Cradock follow? That was Chris Patten's pure fabrication. On the Hong Kong constitutional issue, both the Chinese and the British side should "follow" the Sino-British Joint Declaration, the agreements and understanding reached between the Chinese and British governments, the plan stipulated in the Sino-British Joint Declaration, and the plan settled through negotiations between the two sides. That is China's consistent position. Should that be "acting upon whatever the other says," that is precisely a demonstration of safeguarding the Sino-British Joint Declaration as well as Hong Kong's basic interests. Nevertheless, Chris Patten has been running in the opposite direction, stubbornly pushing his "three-violation" package; he just would not listen to the "common understanding" reached between the Chinese and British governments, and would not follow the "plan" for insuring Hong Kong's prosperity and stability and stable transition, which the two sides had agreed to. Has not such practice made the Sino-British Joint Declaration lose its meaning?

The man who launched the attack said: It was entirely wrong for Cradock to criticize Chris Patten for refusing to seek the Chinese side's advice on the constitutional reform issue; although some Chinese officials believed that Chris Patten should obtain consent from the Chinese side before presenting his constitutional reform package, it did not mean to say that the Chinese side had the right to veto any proposal set forth by the British side.

On the constitutional reform issue, Chris Patten has always been unwilling to hear the Chinese side's opinions; upon his arrival in Hong Kong, he hastily dished up his "three-violation proposal." Would the Chinese side have aired its views and even criticized the British side, had Chris Patten not stood in Hong Kong, this piece of land that belongs to China, had he made some suggestions about British internal affairs instead of some principled issue that involves China's sovereignty? It was precisely because Chris Patten's proposals have impeded the stable transition and injured the basic interest of Hong Kong, while harming China's principle of sovereignty, that the Chinese have made severe criticism and adopted an attitude of negation. Could there be anything wrong in doing this? Would it be right to let Chris Patten unscrupulously negate the Sino-British Joint Declaration, the principle of converging with the Basic Law, and the agreements and understanding already reached between the two sides alone, while forbidding others to negate his erroneous policies, speeches, and actions that have endangered Hong Kong? How could there be such impudent logic in the world? We never expected that Chris Patten, who had harped on the same tune on resuming talks with the Chinese side, should have constantly thumped the table, and ferociously shouted in an occasion of a public hearing that "we should never

concede to a scoundrel-like opponent" in the talks with the Chinese side over constitutional reform issues! What a feature of a "gambler" that has gone berserk in the game! What an act that showed him up completely!

The man who launched the attack said: With what electoral arrangements would Cradock reach an agreement? If the Chinese side had insisted on implementing a set of electoral institutions to reduce the opportunity of democrats being elected, should he have kowtowed under such circumstance?

That gave away his secrets: The agreement on electoral arrangements in Chris Patten's mind aimed to insure the "democrats" of his choice to be elected, but not to "reduce the opportunity for those democrats being elected." Here, Chris Patten misquoted former chief secretary Sir David Akers-Jones as saying: "The Chinese style is not to rig elections. But they do like to know the result before they're held." Sir David hit back at Patten, saying "It was rather a cheap joke." In fact, it was none other than Chris Patten himself who attempted to "control the elections" and "likes to know the result before the elections are held." Actually, he wanted more than knowing the result before the elections are held, but was "making arrangements beforehand," while masterminding schemes for the predetermined body and making helpful arrangements for those "democrats" to be elected. The word "kowtow" has been heard more often than not; however, it was not Chris Patten's invention, but passed on to him by Martin Lee Chum-ming. It is not true that Martin Lee Chum-ming has often told Chris Patten not to "kowtow" to Beijing? Chris Patten readily took the hint, and "followed his advice," in addition, he was lecturing others on that point.

The man who launched the attack said: Percy Cradock was not a Hong Kong resident, and stayed in Hong Kong for a comparatively short while; however, he should not have commented on what would be good to Hong Kong residents and what not; people could not help feeling strange about it.

Here, we could pose a string of questions, which we have no idea whether or not the man who launched the attack could answer. Chris Patten is not a Hong Kong resident; he had never stayed very long in Hong Kong before; however, when he first came to Hong Kong in 1992, he started criticizing this and condemning that, issuing orders right and left; was it not a strange thing for him to have done that? In early November last year, none of the three lawyers who talked volubly at a parliamentary witness hearing early last November were Hong Kong residents; probably, they had never been to Hong Kong, or at least, had rarely been to Hong Kong; nevertheless, they made irresponsible remarks about Hong Kong's constitutional system, and were certain that Chris Patten's "constitutional reform package" was not a "three-violation" one; whereas Chris Patten claimed such remarks to be authoritative; was not that a strange thing? We can draw a conclusion without any further questions:

In the views of Chris Patten and his ilk, whether or not something is strange is totally determined by Chris Patten.

It's better to say such practice is profanity to "fairness" than the attack of Chris Patten and his ilk on Percy Cradock. Is it not tragic that such a thing should have happened in a self-claimed "democratic" country, and by Chris Patten, who personally claimed that he wanted to bestow "fairness" to others?! Nevertheless, there are quite a number of parliament members in Britain who have challenged Chris Patten by quoting Cradock.

Lu Ping on Tabling 2d Part of Reform Bill

HK2101105094 Hong Kong TA KUNG PAO in Chinese
21 Jan 94 p 2

["Special dispatch" by staff reporter Chang Shao-wei (1728 1421 1218): "Lu Ping Warns That if Chris Patten Tables Second Part of Constitutional Reform Package, Sino-British Talks Will Break Down Completely"]

[Text] Today, Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, has said that if Hong Kong Governor Chris Patten brings the second part of his constitutional reform package to the Legislative Council, this will cause the Sino-British talks to break down completely.

He also blamed Patten for violating the Memorandum of Understanding on the airport project and delaying the airport's construction.

Lu Ping arrived in Shenzhen today and joined members of the economic group of the Preliminary Working Committee in inspecting traffic conditions at the border point in Shenzhen. When answering reporters' questions, Lu Ping said that if Hong Kong Governor Chris Patten discusses with the British Government when to bring the second part of the constitutional reform package to the Legislative Council, this would cause talks to break down completely and the talks would never be reopened.

On the airport issue, he said that Patten had blamed the Chinese side for delaying the settlement of the airport issue; in fact, the British side should bear all the blame for such a delay. As long as the British side returns to the path of the Memorandum of Understanding at an early date, the airport issue will be solved instantly. Now, the problem is that Patten has completely violated the Memorandum of Understanding on the airport project, so the blame for the delay can only be put on the British side.

Zhang Junsheng: Patten Put 'Pressure' on Media

HK2401033094 Hong Kong WEN WEI PO in Chinese
21 Jan 94 p 11

[Report: "Zhang Junsheng Responds to Chris Patten's Remarks on Press Freedom, Stressing That He Actually Puts Pressure on Media"]

[Text] Responding to Hong Kong Governor Patten's recent remarks on freedom of the press in Hong Kong, XINHUA Deputy Director Zhang Junsheng said yesterday: "I do not know why Patten has been particularly interested in this issue recently. You had better ask Patten himself. But, I feel that he himself is putting pressure on Hong Kong's media by making such remarks now, and I hope he himself will show respect for the freedom of the press. Judging from his actual performance, he has put pressure on Hong Kong's press circles in various ways."

Zhang's remarks were made in answer to a reporter's question before he attended the opening ceremony of the "Exhibition of Exquisite Chinese Works of Art," which is being co-sponsored by Hong Kong's Tsi Ku Chai Company Limited and the Hong Kong and Shenzhen Boya Art Company and is being held in the China Cultural Relics Gallery yesterday.

Zhang Junsheng said: "Some people are now shouting loudly for democracy with all their might. In fact, what democracy can be obtained here under colonial rule? Actually, there is no democracy here, so why do they shout loudly for democracy? Hong Kong can only enjoy real and substantive democracy after 1997."

Continuing Reportage on Hong Kong Airport Project

Warning on 'Grave Consequences'

HK2001100294 Hong Kong TA KUNG PAO in Chinese
20 Jan 94 p 2

["Special dispatch": "Chen Zuoer Warns That if British Hong Kong Authorities Continue To Act Arbitrarily, Consequences Will Be Very Serious"]

[Text] Beijing, 19 Jan (TA KUNG PAO)—Chen Zuoer, director of the First Department of the State Council Hong Kong and Macao Affairs Office, indicated today that the present messy state of the construction of Hong Kong's airport is really worrying. He warned that the consequences will be grave if the Hong Kong Government continues to act in violation of the principle of consultation set out in the Memorandum of Understanding on Hong Kong's airport and acts arbitrarily on relevant issues.

At a ceremony with the principal executives of the Hong Kong airline, Dragonair, who are stationed in Beijing, Chen Zuoer responded to the Hong Kong Government's request to the Legislative Council to allocate a total HK\$1.67 billion [Hong Kong dollars] to the Provisional Airport Authority, noting that the issue of Hong Kong's new airport should be dealt with in accordance with the Memorandum of Understanding on Hong Kong's airport. The construction of Hong Kong's airport could have started smoothly following the signing of Memorandum of Understanding by the two heads of governments in September 1991. "It really makes people worry now that the issue has gotten into such a mess. This is the

last thing we wish to see." He also pointed out that a very important principle had been set out in the Memorandum of Understanding that all issues which straddle 1997 and which require the government of the future special administrative region to acknowledge and shoulder responsibility for should be solved through consultations between China and Britain. He warned the British Hong Kong Government that "its continued arbitrary acts in violation of the Memorandum of Understanding will have very grave consequences."

Zhang Junsheng Urges Compliance With Accord

HK2001101394 Hong Kong TA KUNG PAO in Chinese
20 Jan 94 p 2

[Report: "Zhang Junsheng Talks About Airport Issue, Urging British Side To Go About Things According to Memorandum of Understanding"]

[Text] Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, said yesterday that the British side should deal with the airport issues in line with the Memorandum of Understanding (MOU). Otherwise, he added, there is no use in holding a meeting of the Airport Committee.

After attending a ceremony to raise donations toward a school building fund under Project Hope, which was held by the Shatin Rotary Club yesterday, Zhang was asked to express his view on the Hong Kong Government application to the Legislative Council (Legco) Finance Committee for the amount of HK\$1.6 billion [Hong Kong dollars]. In reply, Zhang said the British side is always raising obstacles and expressed the hope that the British side would act according to the MOU.

When commenting on Chris Patten's accusation that the Chinese side is refusing to hold a meeting, Zhang Junsheng said: The British side's programs have always failed to comply with the MOU. In that case, what is the use in holding a meeting. The British side, as well as Mr. Patten, has repeatedly stressed the need to value the interests of Hong Kong people above everything else, but they have stirred up so many political disputes and now they have refused to tackle the airport issue according to the MOU. I believe Hong Kong citizens will judge for themselves whether the British side and Mr. Patten have acted in their own interests or in the Hong Kong people's interests.

When asked whether the two sides had explored the possibility of resuming talks through diplomatic channels, Zhang responded: If the British side should withdraw the partial electoral bill submitted to Legco by the Hong Kong governor, it would be possible to discuss through diplomatic channels the likelihood of resuming talks. But the British side has closed the door tight.

When asked to comment on the Hong Kong Government's allegation that the tabling of the first phase of the constitutional reform package in Legco was to prepare for the 1994/95 elections, Zhang said: That is just an

excuse. If the British side had sincerity and had not created side issues, the two sides would have reached agreement on the district board elections in the 17th round of talks. If the British side had not insisted on lumping the single-vote, single-seat system for Legco elections with the district board elections, an agreement would have been reached. The relevant legislation would have been easy and there would have been no time problem. So it is meaningless for Chris Patten to keep talking nonsense. He added: Since the Sino-British talks over the 1994/95 elections have broken down, there will be no through train, and the three-tier councils will be disbanded after 1997, because British rule over Hong Kong will expire on 30 June 1997. The British foreign secretary and Chris Patten have said on several occasions that it is impossible for China to reorganize the councils. That is their illusion. The Preliminary Working Committee is now discussing ways to reorganize the councils and will present a proposal to the Preparatory Committee of the Special Administrative Region for a decision.

Zhang: 'Little Hope' of Resuming Talks

HK2001043494 Hong Kong HONGKONG STANDARD
in English 20 Jan 94 pp 1, 3

[By M.Y. Sung and Rain Ren]

[Text] The fate of Hong Kong's new airport hangs in the balance, with China virtually calling off further talks on the project following the government's decision to inject additional funds without Beijing's blessing. Xinhua News Agency local branch deputy director Zhang Junsheng warned yesterday there was little hope of resuming talks on airport financing, because Britain had breached Sino-British agreements on financing the project.

The government will ask legislators tomorrow to approve a \$1.6 billion cash injection which will give the go-ahead for urgent airport contracts, and allow the project to be completed by its mid-1997 target date. China has labelled the move as a violation of the Sino-British Memorandum of Understanding on the New Airport (MOU), and accused the Hong Kong government of taking unilateral action on financing.

Mr. Zhang hinted that the Airport Committee (AC) under the Sino-British Joint Liaison Group (JLG) was unlikely to resume talks on airport financing.

"We wish the British side would handle the matter by strictly abiding by the principles of MOU," Mr. Zhang said. "However, the British always play tricks and give trouble in everything."

Governor Chris Patten said last week China had not responded to calls for further talks through the JLG. But in a contradictory statement, a senior Chinese official said China had never refused Britain's requests to hold Airport Committee talks. "We may not agree to their funding proposal, but we have never refused to have meetings," the official said.

In her first day as Acting Governor, Anson Chan said the government still held out hope that the Airport Committee would resume talks. "We hope to continue to have a dialogue with the Chinese, to come to an early agreement on the financing so that we can get ahead and build this airport that everybody says we need," she said.

The JLG Airport Committee has not had a meeting since last August.

Article on Financing Arrangements

HK2101113994 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1147 GMT 20 Jan 94

["Special article" by reporter Gan Cheng (3927 2110):
"Why Financing Arrangement for Hong Kong's New
Airport Has Become a Knotty Issue"]

[Text] Hong Kong, 20 Jan (ZHONGGUO TONGXUN
SHE)—Hong Kong needs a large, modern international
airport, and such an airport will be conducive to main-
taining Hong Kong's position as an international finan-
cial, economic, trade, communications, and transporta-
tion center for a long time to come and to make Hong
Kong, the "Pearl of the East," even more dazzling,
stable, and prosperous.

However, the construction of Hong Kong's new airport
has not been able to unfold in a comprehensive manner,
and the cause is that the Chinese and British sides have
not been able to reach an agreement on the financing
arrangements for the airport.

The British side did not negotiate with the Chinese side
from the very beginning, but the Chinese side, pro-
ceeding from the interests of the residents of Hong Kong,
has still taken the positive attitude of being willing to
give support. The heads of the Chinese and British
governments signed the Memorandum of Under-
standing on the New Airport in Beijing in 1991. The
memorandum states that the airport project should meet
the requirement of cost effectiveness, and that the
project should not become a financial burden for the
special administrative region [SAR] government after 30
June 1997. It also states that on handing over the
sovereignty of Hong Kong in 1997, the British side
should only leave HK\$25 billion [Hong Kong dollars] to
the government of the Hong Kong SAR and debt
incurred should not exceed HK\$5 billion. If the British
side had acted in accordance with the Memorandum, the
financing arrangement for the new airport would not
have become a knotty issue. The question at present is
that the airport financing arrangement proposed by the
British side greatly exceeds the amount stated in the
memorandum. The plan involves high costs and low
effectiveness, and the future Special Administrative
Region Government is bound to incur much greater
debts than HK\$5 billion. This may even exceed the
financial reserves of HK\$25 billion. The British side has
also insisted on setting no upper limit on "contingent
liabilities." However, the construction costs of the new
airport put forward by the Hong Kong Government have

soared at a shocking speed. In November 1991, the cost
of construction put forward by the Hong Kong Govern-
ment was HK\$98 billion, but it was readjusted to
HK\$112 billion in March 1992. Now, some people are
saying that the cost of construction has been readjusted
to HK\$150 billion, or even HK\$175 billion. How can the
Chinese side jump lightly into a trap which will inevi-
tably cause the SAR government to incur enormous
debts!

However, the Chinese and British sides have not been
able to reach an agreement on the financing arrange-
ments, but the Hong Kong Government has already
started a series of construction projects for the new
airport. Moreover, the British side has, without the
agreement of the Chinese side, unilaterally applied for
funds to be allocated for the airport in the Legislative
Council on many occasions, and by the end of 1992, an
accumulated total of over HK\$14 billion had been
allocated. During rigorous inquiries by members of the
Legislative Council, the Hong Kong Government prom-
ised that it would not apply for further allocations of
funds before reaching an agreement on the financing
arrangement between the Chinese and British sides.
However, as those words still rang in the ears, the Hong
Kong Government recently made an application for the
allocation of HK\$1.67 billion in the Legislative Council
again. This has increased the total allocated funds to
HK\$16.26 billion, which is less than a HK\$400-million
difference from the total amount of HK\$16.6 billion
promised by the Legislative Council to the Provisional
Airport Authority in advance. Secretary of the Treasury
Donald Tsang even stated that the possibility of future
applications for funds had not been ruled out.

Evidently, the Hong Kong Government has always been
enthusiastic about separating the construction of airport
projects and "putting uncooked rice into the pot first" in
an attempt to compel the Chinese side to meet the
demands of the British side on the general financing
arrangements for the new airport and to swallow the
bitter fruit of high costs, low effectiveness, and unlimited
"contingent liabilities." However, the Chinese side has
repeatedly reiterated that the issue of the financing
arrangements for the construction of the airport should
be settled by the Chinese and British sides through
negotiations in accordance with the Memorandum of
Understanding on the airport. Before an agreement is
reached between the two sides, unilateral actions will not
be conducive to a solution on the financing arrange-
ments for the new airport.

Legislators Pledge To Vote for Funding

HK2101070994 Hong Kong SOUTH CHINA
MORNING POST in English 21 Jan 94 p 1

[By Fanny Wong]

[Text] An attempt by China to block legislators' approval
of another \$1.67 billion for airport projects appeared to
have failed last night, with councillors still pledging

support for construction to proceed full speed without China's blessing. The crucial vote will be taken at today's Legislative Council Finance Committee meeting.

Forty legislators last night vowed to vote for the Government's request for cash to cover the Provisional Airport Authority's running costs and three urgent airport-related contracts to keep up the momentum of construction. The legislators include 13 from the United Democrats, 15 from Liberal Party, four from the Meeting Point and eight independents.

They met separately to decide their position last night, while China was launching a fresh bout of criticism at Britain's handling of the projects in an effort to undermine the Government's case for pressing ahead with an attempt to meet the completion date of mid-1997. Director of the Chinese State Council's Hong Kong and Macao Affairs Office, Lu Ping, said Governor Chris Patten was solely to blame for the delay of the airport projects. Mr. Lu and Foreign Ministry spokesman, Wu Jianmin, insisted that the British Hong Kong administration should observe the Memorandum of Understanding on the new airport projects.

And a lengthy commentary issued by the Hong Kong China News Agency last night warned that before any financial accord was reached between the two sides, any unilateral action by the British side would not be conducive to finding a solution to the financing problems.

In response, a Government spokesman said: "We are surprised to see suggestions that we are breaching the memorandum and taking unilateral action." The spokesman stressed that what the Government was doing was totally in line with the airport memorandum to complete the projects to the maximum extent possible by 1997.

But in Shenzhen, Mr. Lu blasted the Governor, rejecting Mr. Patten's remarks that China was held responsible for the delay of the airport plan. "Mr. Patten said that the responsibility rested with the Chinese side, it was the Chinese side who delayed the projects. Would you please go and tell him that Britain is solely responsible for the delay," he said. "The airport problem can be resolved immediately, by Britain returning to the track of the memorandum as soon as possible. The problem now is with Mr. Patten. He is completely violating the memorandum. Therefore the responsibility should lie with the British side. Please tell him that."

In Beijing, Mr. Wu said in compliance with the airport memorandum, China had already put forward a whole set of proposals for settling the debt burden of the future Hong Kong Special Administrative Region (SAR), increasing the cost-effectiveness of the airport project and intensifying necessary supervisory mechanism. Mr. Wu added that China now hoped to see a favourable response from the British side.

More Mainland-Funded Firms Seen on Stock Market

HK1901143794 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 18 Jan 94 p 5

[Report: "Rising Status of Chinese Capital on Hong Kong Stock Market"]

[Text] Hong Kong, 17 Jan (RENMIN RIBAO OVERSEAS EDITION)—Chinese capital is expanding on the Hong Kong stock market. Statistics show that by the end of November 1993, the total market capitalization of Chinese capital had reached HK\$156 billion [Hong Kong dollars], about 6.02 percent of the total market capitalization of HK\$2,300 billion. [all figures as published] With more and more mainland state-owned enterprises listing on the Hong Kong market and the continuous expansion of Hong Kong-based Chinese-funded listed companies, the total market value of Chinese-funded companies is estimated to account for 10 to 15 percent of the Hong Kong stock market's total value this year. The situation is heartening.

Hong Kong-based Chinese-funded companies with a solid power base in the early 1980's were mainly the China Resources Group, China Merchant's Steamboat Navigation Company, China Travel Service, and the Bank of China Group. In the mid-1980's, the Yuehai Group and Huamin Group, under the direct authority of the Guangdong and Fujian provincial governments, started trading in property, finance, and tourism in Hong Kong. Meanwhile, CITIC [China International Trust and Investment Company] and Beijing's Everbright Group were also building up business in Hong Kong. After years of development in Hong Kong, from the latter half of 1992 onward, these big corporations began floating their Hong Kong-based subsidiaries to raise more funds for business expansion and to enlarge their scale of operation. CITIC Pacific was prominent among these companies, becoming a composite share of Hong Kong's Hang Seng Index in August 1992.

Authoritative figures in Hong Kong economic circles hold that given the strong force behind Chinese-funded stocks, the growth potential for these stocks is enormous and their development prospects are considerable.

Correspondents' Club Asked Not To Show Mao Video

HK2101155594 Hong Kong AFP in English 1535 GMT 21 Jan 94

[Text] Hong Kong, Jan 21 (AFP)—China urged foreign reporters in Hong Kong on Friday [21 January] not to show a controversial British Broadcasting Corp. (BBC) documentary about the life of Chairman Mao Zedong at their club on Monday. But the board of governors of the Foreign Correspondents' Club (FCC) said they would go ahead with Monday's screening of "Mao Zedong: The

Last Emperor"—and also ignore an unusual Hong Kong government request that they secure a permit for the members-only event.

FCC Vice President Carl Goldstein said China's demand was presented to the board by two officials of the foreign affairs department of the Hong Kong branch of the XINHUA NEWS AGENCY, Beijing's de facto consulate in the British colony. "We have come to express our hope—that is, to make a request that the FCC takes measures to stop the showing of this film," Goldstein quoted one of the officials as saying. "It villifies and slanders our late chairman and hurts the feelings of the Chinese people."

FCC President Philip Bowring responded that the club's decision to organize the screening was not a judgement of the documentary's accuracy. Goldstein added that XINHUA was welcome to send a representative to the screening to give China's opinion. The officials took note of the offer but were otherwise non-committal, he said.

On Wednesday, the Hong Kong Government's Television and Entertainment Licensing Authority got involved, telling the FCC by fax that it must get a permit before the showing. It has never before made such a

demand for FCC film or video screenings, and Goldstein said the club would send a letter back saying the requirement would be ignored.

Ironically, the authority's demand came the same week Governor Chris Patten told a US press rights group, the Freedom Forum, that his administration would fight "uphill and down dale" for press freedoms ahead of Hong Kong's return to China in 1997.

Last month Beijing unsuccessfully put diplomatic pressure on London to block the original British telecast of the documentary, produced on the centenary of his birth, which alleged that in his later years he consorted with young women. Sino-British relations are already at a low point over Patten's decision to press ahead with electoral reforms aimed at extending local democracy ahead of 1997.

Hong Kong's biggest television station, Television Broadcasts Ltd., has acquired rights to the documentary, but has yet to say when it will air it. The video was already shown to about 50 local democracy activists at a private screening last weekend, with permission from the television authority.

End of Fiche

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